



Daily Report

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General

U.S.-Soviet Strategic Arms Treaty 'In Trouble'
*OW081649 Beijing XINHUA in English 1618 GMT
8 Apr 88*

["People's Daily: U.S.-Soviet Nuclear Arms Treaty in Trouble"—XINHUA Headline]

[Text] Beijing, April 8 (XINHUA)—No substantial progress has been made over the past month in the U.S.-Soviet negotiations on reducing 50 percent of their strategic nuclear arms as both sides stuck to their original positions, thus dimming the prospects of such a treaty at the planned Moscow summit in late May.

This came in a commentary of the PEOPLE'S DAILY today entitled "U.S.-Soviet Nuclear Arms Treaty in Trouble".

The paper says that the major dispute is still over space weapons, stemming from the Reagan-proposed "Strategic Defense initiative" (SDI) program. In spite of some compromises worked out at the U.S.-Soviet summit last December, the two countries are still deeply split over the issue.

The Soviet side calls for strict observance of an Anti-Ballistic Missile (ABM) Treaty in its original form which was signed between the two countries in 1972, while the United States argues that the treaty allows the research, development and experiment of strategic defense systems. The paper also says the Soviet side demands that the Strategic Arms Reduction Treaty and the agreement to observe the ABM Treaty be signed and enter into force simultaneously, while the United States wants them concluded separately.

Such a difference showed as soon as the U.S.-Soviet arms control talks got under way in Geneva last January, with the Soviet side tabling a draft "Soviet-U.S. Protocol on Reducing and Limiting Offensive Strategic Weapons," which also urged strict observance by both sides of the ABM Treaty, and a ban on experiments of weapons in outer space as the prerequisite to the reduction of strategic arms.

The U.S. side saw this as another Soviet attempt to link nuclear arms reduction with the U.S. SDI program, and countered it with a draft "Treaty on Defense and Space Systems" which allows the research, development and experiment of strategic defense technology by both sides. It also held that this treaty and the strategic arms reduction treaty be signed separately. Foreign ministers of the two countries failed to iron out the difference during their meetings in February and March.

What comes next, the paper says, is a dispute on the contents of a strategic arms reduction treaty. Although the two sides agreed on the total amount of the strategic

weapons to be cut, problems remain as to how to carry out cuts actually and how to set the quotas for the different types and different quantities of the strategic weapons they possess.

During U.S. Secretary of State George Shultz' visit to Moscow in February, Soviet leader Mikhail Gorbachev came up with a fresh idea for cutting various types of strategic weapons, which drew no response from the U.S. side.

Another sticking point in the U.S.-Soviet talks, the paper says, is over mobile continental missiles and sea-borne long-range cruise missiles. The U.S. side urges a ban on such missiles, which form a vital component part of the Soviet nuclear armory, due to difficult verification, while the Soviet Union demands limitations be imposed on the number of sea-borne cruise missiles which gives the U.S. the edge over the Soviet Union.

Verification is another problem, the paper says. It was agreed between the U.S. and Soviet foreign ministers during their February meeting that their delegations to the Geneva arms control talks will work out three protocols on verification as appendices to a nuclear reduction treaty within a month. But there are many blanks yet to be filled in the three documents.

There are also political considerations standing in the way of an early nuclear arms cutting treaty, the paper says. True, it is out of their common need to work towards reducing half of their strategic arsenals, and the signing of such a treaty is possible, in view of their ongoing strategy adjustments, economic performance at home, and the changes taking place in their relations. But each side has its own considerations as to when and under what circumstances the strategic arms reduction treaty should be concluded and signed.

The PEOPLE'S DAILY says that recent statements by the two superpowers show that the Soviet Union is more anxious to sign the strategic arms accord in Moscow, thus making the Moscow summit a "new and epoch-making event in a bid to arrest the nuclear arms race." The United States, however, is seen as not in such a hurry in order to wrest a better treaty. It seems that the Reagan administration is slowing the pace purposely in order not to give the impression that it is also in a hurry and not to invite trouble for his Republican Party in an election year. It is also said that the United States may have come to the conclusion that, aware of the Soviet Union's anxiety to sign the treaty, the U.S. is making gestures designed to wrest more concessions.

Nevertheless, the commentary concludes, both the United States and the Soviet Union see the planned summit as another important ring [as received] in continuing their dialogue, and, in a period to come, they will continue their disputes and negotiations at the same time while making preparations for the Moscow summit.

Islamabad, Kabul Reach Agreement on Afghan War
OW081724 Beijing XINHUA in English 1443 GMT
8 Apr 88

[Text] Geneva, April 8 (XINHUA)—Pakistan and Afghanistan's Kabul regime today reached a final agreement on a political solution to the Afghan conflict, U.N. Mediator Diego Cordovez announced.

He told a press conference that the agreement, after six years of negotiations, will be signed this afternoon or evening.

Earlier today, Zain Noorani, Pakistan foreign affairs minister, told reporters after one hour of talks this morning that the final agreements will be signed as all the problems have been sorted out.

Abdul Wakil, the Kabul regime's foreign minister, told reporters that all documents have been drafted and are waiting for signing.

Further on Peace Accord
OW081839 Beijing XINHUA in English 1835 GMT
8 Apr 88

[Text] Geneva, April 8 (XINHUA) — A final agreement ending the eight-year conflict in Afghanistan has been reached by Pakistan and Afghanistan's Kabul regime and will be signed by April 14, UN Mediator Diego Cordovez announced here today.

"The documents are now finalized and open for signature," Cordovez said at a press conference shortly after a final session with Zain Noorani, Pakistan's minister of state for foreign affairs, and Abdul Wakil, Kabul's foreign minister.

Cordovez said the exact day for signing the agreement would be decided later today, but noted that the signature ceremony would not be later than April 14.

The peace accord consists of four elements: an agreement between the Republic of Afghanistan and the Islamic Republic of Pakistan on the principles of mutual relations, in particular noninterference and nonintervention; an agreement between Afghanistan and Pakistan on voluntary return of about 5 million refugees; a declaration on international guarantees to the peace by the Soviet Union and United States; and an agreement on the interrelationships for the settlement of the situation relating to Afghanistan.

Cordovez said the agreement also would include a memorandum of understanding on arrangements for the United Nations to monitor implementation of the agreement.

According to UN Officials, the international guarantee clause will be signed by Pakistan and the Kabul regime, as well as the United States and the Soviet Union, who will act as guarantors of the agreement. The other three parts will be signed by Pakistan and the Kabul regime.

Cordovez also told reporters that any questions related to choosing a government for Afghanistan could only be answered by the Afghan people.

"At this crucial stage, all concerned will therefore promote the endeavors of the Afghan people to work out arrangements for a broad-based government and will support and facilitate that process," Cordovez said.

Soviet leader Mikhail Gorbachev said yesterday that the Soviet commitment to withdraw its estimated 115,000 troops from Afghanistan within the period fixed in the peace agreement, starting from May 15, would remain in force.

The Soviet troops which have been in Afghanistan since 1979 will pull out in nine months, with half of them to withdraw in the first 90 days.

XINHUA on IMF-World Bank Spring Meetings
OW111110 Beijing XINHUA in English
0851 GMT 11 Apr 88

["News Analysis: Dollar and Debt To Dominate IMF-World Bank Spring Meetings (by Zhao Zijian)"]—XINHUA headline]

[Text] Washington, April 10 (XINHUA)—Finance ministers and central bankers of 151 countries are gathering here this week for the annual spring meetings of the International Monetary Fund (IMF) and the World Bank. The meetings will not surprisingly focus on the mid-term stability of the U.S. dollar and the unabating international debt problem.

The IMF-World Bank meetings provide the rare opportunity for world financial leaders to meet and exchange views on a wide range of international economic issues, especially between leaders from the industrial countries and those from the Third World.

The most immediate concern of almost everybody is the prospect of exchange rate development. The dollar's exchange rate has fluctuated for months and it is widely recognized that if anything happens in the currency market, a rippling effect spreads to the securities market and then the world economy at large. If that happens, all talk of alleviating poverty and the Third World debt burden becomes empty at best.

This chain effect was felt in the stock market crash last October, right after the annual bank-IMF meetings reaffirmed the determination of major industrial countries to coordinate their macroeconomic policies.

The "Black Monday" crash showed that the market is sensitive to, and very critical of, what the major countries can and will do.

U.S. Treasury Secretary James Baker, superstar in the 3-year-old multilateral currency rate management games, and the flexible Federal Reserve Chairman Alan Greenspan will have closed-door meetings with their European and Japanese counterparts Wednesday. A statement late that night is expected to re-emphasize that the current exchange rates of the U.S. dollar against other major currencies are "broadly satisfactory." The statement also is expected to announce that the major countries will continue to honor their earlier promises to provide stability to the market, intervening with buying and selling if necessary.

Under such circumstances—and the U.S. is not likely to "rock the boat" in an election year—the dollar may float between 120 yen/1.55 Deutsche marks and 130 yen/1.72 marks. Unless imbalances of trade and growth rates among major countries worsen, there won't be a push for new exchange rates.

To bolster currency management, more leaders are expected to embrace Baker's idea of using a set of commodities' prices as barometers for adjusting each country's macroeconomic policies or currency rates. However, talk about using prices of gold, iron ore, copper, natural rubber, cotton, wheat, rice, corn, coffee and tea as indicators will remain an idea on paper.

The forthcoming meetings will also handle international debt, for which both the World Bank and the IMF have become the center of attention. Commercial banks, which own three-quarters of the Third World's debt, have so far proved unwilling to come to the rescue.

Because of debt repayment and the withdrawal of commercial banks, the developing nations' outflow of funds topped inflow by 85 billion dollars in the five-year period since 1982. During the previous five-year period, the inflow surpassed outflow by 140 billion dollars. Total Third World foreign debt, according to the World Bank, now stands at more than one trillion dollars.

The low-income sub-Saharan African countries have the heaviest debt burden, on top of poverty and a whole range of social and economic problems. Although the IMF has succeeded in expanding its funding for this region, informed sources at the World Bank estimate that the developing countries will call for debt relief of one billion dollars for the region.

For those mid-income debtor countries, the World Bank and the IMF are seeking "a return to steady, non-inflationary growth, and for many of them, a return to full creditworthiness in the international capital markets within the next five to seven years," World Bank President Barber Conable said last December.

But now, Conable is expected to tell the world's financial leaders that more variety of debt reduction approaches are desirable instead of pushing for more direct loans to the debtor countries.

But IMF Managing Director Michel Camdessus has reservations. In a speech last March at the Swiss Institute of International Studies in Zurich, Camdessus said "Let us bear in mind that if we seek to solve the problem of yesterday's burden radically, we may complicate tomorrow's challenge."

To expand the World Bank's role in the debt management, Conable has gotten support from Baker and ministers of other industrial countries for a general capital increase that would expand the capital base of the world's largest development institution from 90 billion dollars to 171.4 billion dollars. However, the bank has its enemies in the U.S. Congress who will fight to kill any provisions for more U.S. contribution.

For example, Jack Kemp (representative from New York), an avowed rightwinger, declared that "The World Bank has done little to turn itself into an asset instead of a liability in solving the debt crisis," according to a NEW YORK TIMES report.

Camdessus, who is eager to change the IMF's "international financial policy" image, is also faced with difficulties in his initiatives.

Informed IMF sources say representatives of industrial member countries oppose the idea of softening the terms of its medium-term loans to middle income countries. That issue is expected to be a hot topic in the spring meetings.

Another IMF program, the compensatory financing facility, designed to help developing countries hurt by such outside factors as commodity prices, slumps, has been compromised by U.S. opposition. A new, largely U.S. plan called external contingency mechanism links IMF assistance to countries hurt by outside factors with their economic policy adjustment. Besides the conditional nature of loans, other terms of the U.S. backed plan also would be harsher. Sources say neither industrial nor developing countries are satisfied with the new arrangement.

Baker's description of "muddling through" now appears to be a de facto consensus. In its undisclosed world economic outlook, the IMF will say no recession is expected until the 1990s. The mood is, as long as the world economy continues its slow growth, there is still hope for tackling all of the economic headaches.

United States & Canada

LIAOWANG on U.S. Aims in Central America
HK120215 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 14, 4 Apr 88, p 28-29

[Article by Hu Jikang (5170 4480 1660): "What Are the Intentions of the United States in Central America?"]

[Text] On 16 March U.S. President Reagan ordered a dispatch of 3,200 combat personnel to Honduras to assist the country in tackling the so-called Nicaraguan "invasion." Honduran planes have for the past few days bombarded Nicaragua's border regions, and fierce fighting has occurred between both sides, thereby igniting the flames of war that had subsided and remained quiet for 2 years. In the meantime, the United States, while imposing strong political, economic, and military pressure on Panama; has sent Marine, anti-terrorist troops, and security police to the country under the pretext of providing "protection" in an attempt to force Noriega, Panamanian "iron man" and National Guard commander, to step down. U.S. blatant intervention has aggravated the tension in Central America.

Conflicts in Central America have existed for quite some time. However, as a result of the unswerving peace efforts by the Contadora and Lima Groups and, in particular, the active mediation by Costa Rican President Arias, hope for peace began to appear in the region early last year and the five Central American nations could get rid of foreign intervention and hold summit conferences on three occasions. They also signed a peace agreement in August last year.

Although the United States, which has all along regarded Central America as its "backyard," has expressed support for the peace agreement, in actions it has tried every possible means to undermine and obstruct the implementation of the agreement, with the aim of overthrowing the Nicaraguan Government and dismantling what it terms a Soviet "beachhead" in Central America. The Reagan administration's policy of intervention is losing popular support. On 3 February the U.S. House of Representatives vetoed Reagan's bill on providing new aid totaling \$36 million for the contras. In early March the U.S. Congress vetoed a program proposed by some Democrat Senators on granting "humanitarian aid" to the contras. The morale of the contras has begun to run low following the setbacks of Reagan's policy toward Central America. On the one hand, they have no alternative but to agree to the Nicaraguan Government's proposal on direct ceasefire talks; and on the other, they keep carrying out harassments in the central and northern parts of Nicaragua, in the hope of obtaining new aid from the United States as early as possible.

Since 7 March the Nicaraguan Government has been launching large-scale offensives on the main forces of the contras in northern regions in Nicaragua to deal severe blows to them and force them to accept the government's

ceasefire proposal. As reported, the government mustered 12 battalions totaling 6,000 troops to surround and attack the contra camps by the T. P. and about 400 of the contras were killed and wounded during the attacks. Remnants of the routed contra forces crossed the Nicaraguan border and fled into Honduras.

Aware of the total collapse the contras were facing, the U.S. authorities could not restrain their feelings and asserted on 15 March that 1,500 Nicaraguan Government troops had "invaded" Honduras. Subsequently, Honduran President Azcona "requested" the United States to dispatch troops.

The United States already had bases and 1,100 troops in Honduras; now it has sent a reinforcement of 3,200 ground and airborne troops to the country. Its purpose is not difficult to see. First, the contras serve as a powerful instrument for the United States to deal with Nicaraguan Sandinista government. The purpose of the United States in dispatching troops is to boost the morale of the badly battered contras. Second, the Reagan administration wants to talk the U.S. Congress into approving the bill on providing aid for the contras. After the Congress vetoed this bill on two occasions, the Reagan administration was reduced to helplessness. Now it has finally found an excuse to provide aid for the contras: The aid for the contras "must be sent without delay," otherwise they will come to grief. Reports say that the Congress will soon discuss a new bill on providing aid totaling \$48 million for the contras. Third, the Reagan administration is imposing strong military pressure on the Nicaraguan Government so that it will make concessions during negotiations with the contras.

The U.S. act of dispatching troops to Honduras has aroused strong repercussions in the world. Nicaraguan President Ortega issued a statement saying that the United States is trying to "strangle" the peace agreement in Central America and to "save the contras in Nicaragua." Brazil, Mexico, Colombia, Peru, Ecuador, Guatemala, Panama, Uruguay, Cuba, and Spain issued communiques condemning the United States for aggravating the tense situation in Central America and undermining the peace process in the region by dispatching troops to Honduras. They demanded that the United States stop its policy of intervention and allow the Central American people to settle their own problems. The U.S. act also met with strong opposition from the people in the country. Many people in Washington, New York, Chicago, Los Angeles, San Francisco, Boston, and Kansas took to the streets to protest against U.S. involvement in Central American conflicts. The UN General Assembly has decided to send an investigation team to the Nicaraguan-Honduran border.

Clashes on the Nicaraguan-Honduran border have escalated and Nicaraguan-Honduran relations have further deteriorated since the arrival of U.S. troops in Honduras. The Nicaraguan Government declared on 19 March that it had refiled a lawsuit with the International Court

of Justice [ICJ] in the Hague against Honduras. In June 1986, Nicaragua filed a lawsuit with the ICJ against Honduras for providing the contras with bases for their activities. Nicaragua withdrew the lawsuit on its own initiative after the signing of a peace treaty on Central America last year. Because Honduras had not taken any action to dismantle the bases provided for the contras, Nicaragua now demanded that the ICJ bring Honduras to open trial, President Ortega pointed out.

Obviously, the U.S. act of sending troops to Honduras has poured oil on the fire, undermined the atmosphere of dialogue and relaxation in Central America, and ruined the peace efforts made by the Contadora and Lima Groups and the five heads of Central American states. This act has also fully revealed U.S. hegemonist ambition in its true colors. The United States has put Central America in its strategic plan and does not like to see any "impermissible behavior" in this region. Otherwise, it will move troops about and stir up the people. It has taken such an attitude toward Nicaragua, as has toward Panama.

Although there are complicated internal factors causing unrest in Panama, the Panamanian leaders' proposal on recovering the Canal Zone and demanding the withdrawal the U.S. southern military headquarters after the expiration of the present canal treaties has aroused U.S. dissatisfaction. Following a political crisis in Panama in last June, the United States tried every possible means to force Noriega down. When a sudden change took place in the political situation in Panama on 25 February, the United States took advantage of the situation to try to overthrow the new Panamanian Government. On the one hand, it dispatched troops to the Canal Zone to assume a posture of carrying out military intervention at any moment; and on the other, it froze Panama's deposits in U.S. banks totaling \$50 million, stopped the payment of \$7.5 million for the use of the canal, and cancelled the preferential treatment in trade, all aimed at strangling Panama by economic means.

Looking ferocious, the United States has opened two battlefronts in the narrow Central American region. However, it is by no means carefree. Domestically, the Reagan administration finds it difficult to keep its work operating smoothly because the Democratic Party occupies a majority seat in the Congress. As the Vietnam war still remains fresh in the memory of people in and outside the government, Reagan's action will meet with restrictions from various forces. Internationally, condemned by the people throughout the world, U.S. policy of intervention has been reduced to isolation. The United States is exerting powerful military pressure on Nicaragua and Panama now, but the people are also maintaining high vigilance.

Daily Comments on Shultz Middle East Mission
HK111439 Beijing RENMIN RIBAO in Chinese
10 Apr 88 p 6

[Commentary by correspondent Wang Shifang (3769 1102 5364): "The Same Differences Remain—Commenting on Shultz' Third Visit to the Middle East"]

[Text] Shultz, the U.S. secretary of state, concluded his shuttle trip to Israel, Jordan, Syria, Egypt, and Saudi Arabia on 8 April. This was his third visit to the Middle East in the past 2 months.

Shultz told the press before his departure that the purpose of this trip was to obtain positive replies from the countries concerned on the U.S. Middle East peace plan and to seek their support for the plan. The spokesman of the U.S. State Department, Redman, said that this visit by Shultz "is some sort of exploration." He will decide the next move of the United States in accordance with the response of the various countries.

During this shuttle trip, Shultz met with the leaders of Israel, Syria, Egypt, Saudi Arabia, and Jordan; and serious meetings were held with them. What are the results? After the meeting with the Egyptian President Mubarak on 6 April, Shultz told the press: "Some progress was made, but the differences still remain." Observers in Cairo believe that this is a very good assessment of Shultz' third Middle East visit.

In fact, there have long been fundamental differences in the stand between the United States and the Arab countries on how to solve the Middle East problems. The United States and Israel are continuing to insist on the "three no's"—they will not recognize the PLO; will not negotiate with it; and will not agree to the establishment of a Palestinian state. During his visit to Jordan, Shultz announced to the press that the United States believes that the establishment of a Palestinian state would not work. He also indicated that the United States would object to PLO participation in the Middle East peace negotiations if the PLO did not recognize the right of Israel to exist or give up terrorism. However, the stand of the Arab countries is entirely different from this. They have consistently considered that the PLO is the sole legal representative of the Palestinian people, that it has the right to participate in all negotiations concerning peace in the Middle East, and that the legitimate national rights of the Palestinian people should be restored. They also insist that Israel should withdraw from the occupied Arab territories, and regard this as a means to maintain long-term peace in the Middle East.

These acute differences still remain after Shultz meetings with the leaders of the Arab countries. King Husayn emphasized that the Middle East problems should be solved in an overall and peaceful manner by an international Middle East peace conference. Al-Asad pointed out that Israel should withdraw from all the occupied Arab territories and that the Palestinians' legitimate

rights, which include the right to self-determination and the right to establish their own independent country, should be recognized. A Palestinian should be a member of the joint Arab delegation, which should represent the Arab side in discussing the Arab-Israeli dispute at an international Middle East peace conference, and thus achieve peace in the Middle East.

At the same time, Syria, Jordan, Saudi Arabia, and Israel did not give any official consent nor any official objection to the U.S. peace plan. However, they all agreed to continue the discussion on this question. Shultz also indicated that in the future, the United States should launch the discussion on a more specific and practical level.

It seems that the various parties concerned have reserved room for further development of the peace negotiations. This means perhaps, as Shultz said, that "some progress was achieved."

Observers have pointed out that it is rare for a U.S. secretary of state to visit countries of the same region three times in 2 months to solve that region's problems. In fact, Washington was pressed by the situation. This move, in particular, resulted from the situation created by the Palestinians living in the occupied territories, where they are persisting in the struggle against Israel. This move indicates that the United States is paying more attention to, and placing more emphasis on, the Middle East question than before. However, the fundamental U.S. attitude toward this issue has not changed, and in addition, the differences of opinion between the United States and the Arab countries are very great. Therefore, even though the parties concerned do not want to end the Middle East peace negotiations, it is impossible to convene an international peace conference to solve the Arab-Israeli dispute in the near future.

Daily Discusses Rescuing U.S. Dollar
HK090755 Beijing RENMIN RIBAO in Chinese
5 Apr 88 p 7

["Economic Jottings" by Zhang Zhenya (1728 2182 0068): "Who Is To Save the U.S. Dollar?"]

[Text] After a hard-won calm of 2 months, the U.S. dollar again dropped drastically and continuously the last week of March. The exchange rate of U.S. dollar to the Japanese yen dropped from 130 to about 124 yen. There is a rumor in the market that the rate will drop below 120 yen. At a time when the people's minds are in a state of anxiety, the New York Stock Market as well as world stock markets have also declined. On 28 March, the most active stocks in Switzerland dropped 9 percent. The stock markets in Zurich, Paris, Amsterdam, and Milan also fell more than 3 percent. The Tokyo stock market was the only exception.

Bonds amounting to \$100 billion of the U.S. Federal Government are in the hands of foreign investors. People pointed out long ago that if these investors sold the U.S. bonds in great quantities to withdraw their capital, the U.S. dollar would fall rapidly. According to market traders, the recent abrupt fall of the U.S. dollar is partly the result of large sales of U.S. bonds before the new fiscal year that begins on 1 April by Japanese life insurance companies, which keep large quantities of U.S. Government Treasury Bonds. In addition, economic prosperity in Britain and Japan is also attracting floating international money, and the U.S. foreign trade and budget deficits remain enormous. All this has contributed to large sales of U.S. dollars on the international market. It is thus clear that the recurrence of the plummeting U.S. dollar is not without reason.

The instability of the U.S. dollar has further aggravated the atmosphere of anxiety that has shrouded the international financial market since the drastic fall of the New York Stock Market last October. Various stocks and bonds markets are worried that a further decline of the U.S. dollar will lead to worldwide inflation and the withdrawal of foreign investments from the United States.

The responsibility for the diminishing value of the U.S. dollar of course lies with the United States. However, some responsible officials of the U.S. Government have adopted an indifferent attitude. Sprinkel, chief economic advisor to President Reagan, recently said casually: "Following several weeks of relative stability, the current fluctuation in the foreign exchange rate was foreseeable." While conversing with West German Finance Minister Stoltenberg, U.S. Secretary of Treasury Baker ambiguously said that the U.S. Government is willing to keep the U.S. dollar at the present level. However, even the West German finance minister was not sure whether the "present level" meant 130 yen, 126 yen, or 120 yen (Note: the level the U.S. dollar fell to on 5 January). Recently, Baker again regarded the appreciation of the pound sterling against the dollar as "of no consequence." This shows even clearer that unless an important change takes place, the U.S. Government will not take any measure to support the falling U.S. dollar in the near future.

This U.S. position has of course been censured by its Western allies. In the past 3 or more years, the seven big Western industrial nations—the United States, Canada, Japan, West Germany, Britain, Italy, and France—have sincerely and seriously pledged that they will jointly maintain the stability of the world's exchange rates. However, each time the U.S. dollar has fallen, Washington has stalled any actions and let others pull its chestnuts out of the fire. When the dollar recently fell and reached a point that began to endanger the world's financial market, the United States again slipped back to its old ways. For this reason British Chancellor of the Exchequer Lawson recently said, rather annoyed, that

the stability of the U.S. dollar depends on appropriate policies, including raising domestic interest rates, to be adopted by the United States.

However, it is very difficult to persuade the existing Republican administration to raise the interest rates to increase the attraction of the U.S. dollar to foreign investors in a U.S. presidential election year. Washington's wishful thinking is evidently: 1) To hope that the decline of the U.S. dollar will be helpful to quicken the reduction of the monthly foreign trade deficit; and 2) To let other big industrial countries sell large quantities of yen and marks on the market to slow the fall of the U.S. dollar, although this will increase the pressure of inflation on Canada, Japan, and West Germany.

Soviet Union

U.S. Commerce Secretary Arrives in Moscow
OW120205 Beijing XINHUA in English 1922 GMT
11 Apr 88

[Text] Moscow, April 11 (XINHUA)—U.S. Secretary of Commerce William Verity arrived here today to attend the 10th session of the Joint U.S.-Soviet Commission on Trade due to open Tuesday.

Upon his arrival in Moscow, Verity said, "The U.S. Government supports the expansion of peaceful, mutually beneficial trade and economic relations between the United States and the Soviet Union."

The Soviet news agency TASS quoted Verity as saying that his delegation, including a number of senior officials from the departments of commerce and agriculture, hopes to reach agreement on specific steps that can expand bilateral trade.

Meanwhile, Aleksandr Kachanov, Soviet first deputy minister of foreign economic relations, told TASS today that Moscow holds that the development of trade and economic ties can make a substantial contribution to the improvement of the entire complex of relations between the two countries.

Kachanov blamed "the American side" for taking a number of discriminatory measures to hamper normal development of bilateral business ties.

"Political steps for their elimination by the U.S. side will make it possible to widen commercial and economic ties between the two countries considerably," he said.

Kachanov noted that "if this is not done, their development will be as difficult as it is at present."

It is learned that at the 10th joint U.S.-Soviet commercial meeting the two sides will discuss conditions for the setting up of joint ventures and the development of cooperation in production.

Both sides will also discuss the establishment of direct ties between Soviet and U.S. firms.

PLO Leader 'Arafat Visits Soviet Union
OW120127 Beijing XINHUA in English 1407 GMT
8 Apr 88

[Text] Moscow, April 8 (XINHUA)—PLO Chairman Yasir 'Arafat will hold talks with Anatoliy Dobrynin, secretary of the Soviet Communist Party Central Committee today.

A well-informed Arab source here said that they will discuss the current situation in the Middle East and exchange views on U.S. Secretary of State George Shultz's ongoing visit to that region.

The source added that 'Arafat, who came here for a short visit at the invitation of the Soviet Government, will probably hold a press conference this evening.

Upon his arrival in Moscow last night, 'Arafat told the Soviet news agency TASS that he "highly appraises the Soviet Union's firm support for the just cause of the Arab people of Palestine, their right of self-determination and the creation of their own independent state on their land."

He told TASS that he attached importance to his current Moscow trip, which takes place at a time when the situation in the Middle East is tense.

TASS quoted 'Arafat as saying that Shultz is trying to force on the Arabs an American settlement of the Palestinian issue. He said that the American settlement disregards the PLO, does not provide self-determination for the Palestinians or the creation of the Palestinian state.

The Palestinian delegation, headed by 'Arafat, includes representatives of all the Palestinian organizations associated with the PLO, TASS said.

'Arafat visited the Soviet Union last time in November 1987, when he attended the celebrations of the 70th anniversary of the Russian October Revolution and met with Soviet leader Mikhail Gorbachev.

Soviet Radio Journalists Visit Beijing
OW120551 Beijing in Russian to the USSR 1800 GMT
9 Apr 88

[Text] A five-man group of Soviet radio journalists headed by Vladimir Anatoliyevich Andreyev, director general of the Main Directorate for Central Foreign Language Radio Broadcasting to Foreign Countries arrived in Beijing by air on 9 April. In the afternoon, Cui Yuling, director of Beijing Radio, and Yang Zhengquan, director of the PRC Central People's Broadcasting Station, met separately with the Soviet colleagues. Warm and friendly conversations took place between them.

In the evening, Cui Yuling hosted a banquet in honor of the Soviet visitors at a Beijing duck restaurant.

During their 3-week visit, the Soviet radio journalists, besides reporting from Beijing, will make reports from Xian, Shanghai, Dalian, and Harbin.

Army Daily Reports on Border Visit
HK120657 Beijing JIEFANGJUN BAO in Chinese
20 Mar 88 p 4

[Report by reporter Fan Juwei (3400 3515 3555): "Traversing the Snow-Bound World"]

[Text] Fangchuan village, one side next to mountains and the other three surrounded by water, is a place situated on three countries. Facing the signpost indicating the Sino-Soviet border, located at the mouth of the Tumen River, the Soviet Union is on the left and Korea is on the right. Up to this place, we had completed travelling the eastern and the western parts of the Sino-Soviet border, which has a total length of about some 7,500 km.

This long border, wriggling along the Sino-Soviet border, is connected by wire nettings, lossen-soil regions, mountain and forest regions for preventing fire, and border-rivers. In early years, happy laughter rippled along this border. In later periods, it was filled with the smell of gunpowder. This time, as we walked along this border, we got some new feelings.

The negotiating and meeting stations scattered at various strategic passes of the border are places where the two countries communicate with each other, and negotiate and solve day-to-day matters concerning the border. In the past, when the personnel of the two countries raised their flags and met each other, they would stand face to face across the border and made announcements or protested to the other side in a dry tone on matters such as animals from either sides crossing and eating the grass beyond the border. At present, they begin to conduct their regular meetings in the small houses newly built on the meeting stations. Moreover, there are smiles in the meetings and both sides will talk about other topics of concern. For instance the expansion of the power of enterprises in China and the democratic elections in the USSR; the movement in the USSR to ban alcohol and the family planning program in China; and so on. Most of the border meetings held by frontier representatives become courtesy calls. On the Army Day and the National Day of both countries, and on the New Year or Lunar New Year, they will visit each other, and visits and tours, which interest both parties will then be arranged. Frontier stations will first be visited, and then villages and towns, and then counties and cities. It seems that this type of activity will be mutually developed in a deeper direction.

Over the past few years, the traffic in various trading ports on the border had become busy. The amount of exports and the number of passengers transported through several large ports such as Houerguosi in Xinjiang, Manzhouli in Nei Monggo and Heihe in Heilong Jiang increased. For instance, the highest volume of exports transported through the Manzhouli customs was 3.98 million tons in 1959. After a long period of depression, the volume of exports increased again in the past 2 years. In 1986, the volume of goods transported through this port was 440,000 tons, and increased to 940,000 tons in 1987, nearly exceeding 1 million tons. The volume of passengers transported by international railways increased from some 10,000 person-times in 1986 to some 30,000 person-times in 1987. According to Zhu Yongxing [2612 3057 5281], secretary of the customs office, the number of Russian passengers also increased. Besides, the prospect of "local foreign trade" conducted between individual port cities is also very attractive; such as that between Manzhouli and Bajkal, and between Heihe and Blagoveshchensk, and so on. Both sides are very satisfied with the barter trade such as the exchange of several kilograms of soybeans for a "lada" jeep, or several gunnysacks of potatoes for 1 cubic meter of Korean pine timber.

Due to historical reasons, China and the Soviet Union so far have not carried out field investigations to fix the border between the two countries. Therefore, there is no formal boundary marker set up by both countries on this long curve. However, many "dispute zones" and "zones to be negotiated" emerged along this curve. In the past, the atmosphere in these zones was very tight and seemed that war would break out in one stroke. At present, as described by a frontier company troop, the situation of the frontier is stable and the atmosphere calm. The armies of both countries hold a rather sincere and friendly attitude in maintaining the present frontier situation. In the past, when the armies of both countries met while they were patrolling, they would become very alert; at present they greet each other with a salute. In Jeminay town, which is located at the end of the border, once when the hats of Chinese soldiers were blown to the other side of the border, the hats were returned by the Soviet soldiers on their own initiative. Along the coast of the Song'acha River, which is located at the east end of the border, an "international sit-up competition" between the Chinese and the Soviet soldiers was once "held." Zhou Yutang [0719 3768 1016], a frontier representative of the military division at Altay, north Xinjiang, told this reporter, as an illustration, that at the end of last year the problem of the ownership of a piece of grassland located on the border was properly solved through discussion and negotiation between the personnel of both countries.

We spent the whole winter on the Sino-Soviet border. We have just felt a sense of warmth when we arrived at this very east end of the border.

Northeast Asia

Two Japanese Firms Trading With PRC Searched HK120203 Beijing RENMIN RIBAO in Chinese 8 Apr 88 p 7

[Dispatch by reporter Sun Dongmin (1327 2639 3046): "Japanese Authorities Search Two Export Firms Under Pretext of Defending COCOM Regulations"]

[Text] Tokyo, 6 Apr (RENMIN RIBAO)—On 5 April, the Tokyo Metropolitan Police Office suddenly searched two trading firms, which have exported instruments to China, on an excuse that they were suspected of violating the foreign exchange law of Japan. On the same day, the Japanese Government announced that the two firms had been accused of violating the embargo regulations of the "Coordinating Committee for Export Control" by exporting "highly sophisticated instruments" to China, which can be used in surveying and experiment.

It was reported that in 1985 and 1986, the two firms, "Kyokuto Shokai" and "Shinsei Koeki," exported to relevant Chinese trading companies the "digital-analogue recording instrument," "sampling oscilloscopes," and "signal analysis instrument" made by the Iwasaki Communications Company of Japan, which were in the category of "strategic materials" not to be exported to China. But Japanese newspapers pointed out that the three instruments are not "highly sophisticated." They are widely used as surveying and experimental instruments by some ordinary product research institutes in Japan. The newspapers also said that the search was conducted by police authorities after they got a "report" from the Ministry of International Trade and Industry. Obviously, the search reflected the government's intention. It was also revealed that by taking this sudden action, the Japanese official quarters were also trying to reduce the grievance of the United States over the imbalance in Japan-U.S. trade and to contain the U.S. Congress in passing the package trade bill now under examination.

After the incident, Hatakeyama, chief of the Foreign Trade Bureau of Japanese Ministry of International Trade and Industry, said: "This is an exceptional incident, which will not affect the normal trade between Japan and China in the future." The Japanese foreign minister also said the incident "has been handled in accordance with the domestic laws and cannot be regarded as an unfriendly measure against China." However, personages in the foreign trade circles held that restricting export to China under the pretext of defending COCOM embargo regulations means creating obstacles in Sino-Japanese relations. It will not only affect Sino-Japanese trade in the future but will also be harmful to the development of economic cooperation of the two countries.

DPRK General Meets PLA Friendship Delegation SK120534 Beijing International Service in Korean 1100 GMT 9 Apr 88

[Text] General Choe Kwang, chief of the Korean People's Army [KPA] General Staff, met with the visiting friendship delegation of the Chinese PLA led by Comrade Zhang Zhongxian, member of the CPC Central Committee and political commissar of the Guangzhou Military Region, in Pyongyang last evening. After the meeting, the Korean Ministry of the People's Armed Forces arranged a banquet in welcome of the visiting friendship delegation. General Choe Kwang and head of delegation Zhang Zhongxian spoke at the banquet.

General Choe Kwang recalled the militant friendship cemented in blood between the peoples' armies of Korea and China and praised the successes attained by China in socialist modernization construction. Comrade Zhang Zhongxian said that the people and army of China resolutely support the series of proposals and assertions for the independent and peaceful reunification of the country put forward by the Korean Government and President Kim Il-sung. Lieutenant General Yun Chi-ho, deputy director of the General Political Bureau of the KPA, and Comrade Wen Yezhan, Chinese ambassador to Korea, were present at the meeting and the banquet on that day.

The visiting friendship delegation of the Chinese PLA arrived in Pyongyang yesterday morning.

Li Ximing Meets DPRK Provincial Delegation SK120538 Beijing BEIJING RIBAO in Chinese 2 Apr 88 p 1

[Text] On the evening of 1 April, Li Ximing, member of the Political Bureau of the CPC Central Committee and secretary of the Beijing Municipal party committee, met with a friendly delegation from the South Pyongan Province of Korea led by So Yun-sok, member of the Political Bureau of the Korean Workers Party Central Committee and responsible secretary of the party committee of the South Pyongan Province. Sin In-ha, Korean ambassador to China, was present at the meeting. After the meeting, Li Ximing gave an informal dinner for the Korean comrades.

DPRK Media Delegation Visits Tianjin SK120740 Tianjin City Service in Mandarin 2300 GMT 9 Apr 88

[Text] Four members of the Korean broadcasting and television delegation, which was headed by Chu Hyon-ok, chairman of the Korean Central Broadcasting and Television Commission, arrived in our municipality on 9 April for a visit. On the evening, Bai Hualing, Standing Committee member of the municipal party committee, met with the Korean guests, and introduced to them our municipality's urban construction carried out over the past few years.

South Korea Sets Parliamentary Election Date
OW111924 Beijing XINHUA in English 1532 GMT
8 Apr 88

[Text] Beijing, 8 April (XINHUA) — South Korea's National Assembly elections will be held April 26, it was officially announced in Seoul today, according to reports reaching here.

In a statement, Yun Yung-il, chairman of the Central Election Management Committee of South Korea, called for fair and orderly elections, and warned against any illegal campaigning.

Candidates from the ruling Democratic Justice Party, opposition parties and independents immediately began to register with the committee, the reports said.

Some campaigning already had begun, with posters going up in many places and politicians taking advantage of various gatherings to attack the opposing side.

Ruling Democratic Justice Party (DJP) Chairman Chae Mun-sik said in a statement that his party aims to win 55 percent of the 224 constituency seats and to hold a fair and honest campaign.

The leading opposition Reunification Democratic Party (RDP) charged in a statement that the ruling party was once again trying to mobilize "money and administrative power," as it did during the presidential elections in December.

Southeast Asia & Pacific

SRV Denounced for 'Deceptive Propaganda'
OW120936 Beijing XINHUA in English 0910 GMT
12 Apr 88

["Commentary: Despicable Deceptive Propaganda" by Qian Wenrong—XINHUA headline]

[Text] United Nations, April 12 (XINHUA)—The Vietnamese mission to the United Nations is conducting a deceptive propaganda campaign against China with regard to the March 14 armed conflict on Chigua reef of the Nansha (Spratly) Islands and to cover up the Vietnamese invasion of Chinese territory.

So far, the Vietnamese Foreign Ministry has published five statements or diplomatic notes intended to cover up the invasion of Chinese territory and to distort history. These documents claim that both Nansha and Xisha (Paracel) Islands belong to Vietnam and accuse China of provoking armed conflict.

Such accusations were also made at a meeting of the Non-Aligned Movement early this month, in a lengthy statement issued by a Vietnamese representative who had not asked the permission of the chairman of the meeting.

It was reported here that many representatives of non-aligned countries expressed resentment at this surprising initiative. One of them said the use of the non-aligned meeting as a forum to attack a non-member country that consistently supports the movement, runs counter to the purpose and spirit of the movement.

The fact is that the Vietnamese armed personnel fired the first shots on March 14 after illegally landing on Chigua reef. Their soldiers fired machine guns and shelled Chinese from three Vietnamese vessels and on the reef.

As to the ownership of the Xisha and Nansha Islands, even the Vietnamese themselves, for a long period of time before 1974, formally acknowledged that these islands belonged to China. This was conceded in government statements and even in their newspapers, periodicals, maps and textbooks.

For instance, on June 15, 1956, Vietnamese Vice Foreign Minister Ung Van Khiem stated to the Chinese side that "according to Vietnamese data, the Xisha and Nansha Islands are historically part of Chinese territory." On the same occasion, Le Loc, acting director of the Asian Department of the Vietnamese Foreign Ministry said, "Judging from history, these islands were already part of China at the time of the Song Dynasty (960-1279 A.D.)."

In more recent statements, Vietnamese representatives have maintained to U.N. officials and delegates of other U.N. member countries that Vietnam only acknowledged China's sovereignty over these islands because it needed Chinese aid and support for its anti-U.S. struggle.

It's true that the Vietnamese side laid its territorial claim to China's Xisha and Nansha islands after it finished its war with the United States in 1975. But this change of Vietnam's original position only exposes fully its expansionist nature after the war.

It is also a fact that China, for its part never asked for any rewards from Vietnam and never laid a claim to a single inch of the Vietnamese territory.

Therefore, the Vietnamese "explanation" is merely a fabricated excuse for departing from its original position of recognizing the Xisha and Nansha Islands as Chinese territory. This is something absolutely impermissible under international law, and the Chinese people will never allow Vietnam to succeed in its scheme.

U.S. Navy Regrets Philippine 'Buzzing' Incident
OW120011 Beijing XINHUA in English 1649 GMT
8 Apr 88

[Text] Manila, April 8 (XINHUA)—The U.S. Subic Naval Base authorities today admitted that a U.S. helicopter "inadvertently" flew through the prohibited airspace surrounding the Presidential Palace here.

Spokesman of the U.S. naval base Jim Leary expressed regret over the incident.

The illegal "buzzing" of the palace by the chopper was timed during the opening of the Philippine-U.S. military bases agreement review here on April 5.

The "buzzing" incident prompted Presidential Security Group chief, Colonel Voltaire Gazmin, to recommend the filing of a diplomatic protest with the U.S. Embassy here.

Leary claimed that the U.S. Navy chopper, attached to the Fleet Composite Squadron 5, based at the Cubi Point Naval Air Station, had delivered materials to the American Embassy "and was on a visual orientation flight when the incident occurred."

He said the aircraft traversed the space at about 100 miles per hours more than a mile north of the palace.

The Subic Naval Base, located some 130 kilometers northwest of Manila, is one of the two major U.S. bases in the Philippines.

Philippine Officials on Aquino's Upcoming Visit
HK120429 Beijing International Service in Tagalog
1130 GMT 11 Apr 88

[Text] In an exclusive interview with a XINHUA correspondent, Philippine Trade and Industry Secretary Jose Concepcion said President Aquino's coming visit to China was of great significance as it aimed to promote closer ties between the two countries. Concepcion, who will be a member of the official party on the China trip, said that the two countries will sign three documents during the president's visit, namely, the 1988 trade protocol, a memorandum of understanding on trade, and an agreement on cooperation in agriculture and science and technology.

Concepcion also said that since President Aquino assumed power 2 years ago, relations between the two countries have been smooth and the two sides are determined to develop closer bilateral relations.

Since the visit of Chinese Vice Premier Tian Juyun to Manila in October 1986, China has striven to realize more balanced trade with the Philippines. Total trade volume between the two countries in 1987 reached \$300 million, according to Concepcion. He added that prospects are bright for the expansion of trade with China.

Concepcion also expressed delight at his coming first visit to China, where he will meet his Chinese counterpart and will confer with him on a person-to-person basis on bilateral relations and on expansion of trade and investment.

Meanwhile, Victor Ordonez, undersecretary of education, culture, and sports, told a XINHUA correspondent that cultural and educational relations between the Philippines and China were a rare example for other countries. He said the new executive program for cultural exchanges in 1988 to 1989 recently signed by the two countries covers 39 items. He noted that President Aquino's decision to visit China was a symbol of the close overall historical and cultural relations between the two countries.

Teresa Roxas, president of the Cultural Center of the Philippines, meanwhile stated: Our cultural exchanges with China are some of the strongest in the world. Exchanges are extensive not only in quantity but also in coverage, not only between government institutions, but also among private groups.

Finally, Mrs Roxas, who has been to China three times, said that the Cultural Center of the Philippines will work to step up exchanges between the youth of China and of the Philippines.

Those were statements by Philippine officials on the forthcoming to China by President Corazon Aquino.

Paper Carries Aquino Biography
HK120229 Beijing RENMIN RIBAO in Chinese
3 Apr 88 p 7

[Article by Xiao Yun (2556 0061): "'Cory,' a Woman President Who Presses Forward in the Face of Difficulties"]

[Text] "It is hard to be a president, and it is still harder to be a woman president." This is the personal experience of Philippine President Corazon Aquino for the past 2 years of her presidency.

Corazon Aquino's husband was ruthlessly murdered on 21 August 1983. This event pushed Corazon, then an ordinary housewife unknown to the public, to enter upon the political career. To carry forward her husband's struggle and redeem her motherland from a dire peril, she plunged into the "People's Power Movement" which brought about a drastic change in her life as an ordinary housewife, finally turning her into the head of a state with a population of 50-million. With the people's support and trust, she became the Philippines' first woman president.

What the former President Marcos left over was just a hopeless mess—the political situation was turbulent, the economy was on the verge of disintegration, there were acute and complicated social contradictions, and the pro-Marcos force which refused to resign itself to defeat kept on stirring up trouble. All these were challenges facing Corazon Aquino.

As a host of problems needed to be resolved, unity within the government was essential. Unfortunately things have gone contrary to the president's wishes. Vice President and Foreign Minister Laurel took the lead in opposing the president, repeatedly openly criticizing some important policies of the government and later resigning his post as foreign minister. Former Defense Minister Enrile, who was ambitious for power, instigated some military officers to stage a coup d'etat to overthrow the new government. Not long ago, Laurel and Enrile, in collaboration with some opposition leaders, launched another anti-government campaign. Some newspapers have even spread rumors to defame the president. It is this difficult situation that Corazon has faced since rising to power. Therefore, it was not surprising why some reporters and experienced politicians made a pessimistic forecast: "President Corazon Aquino will have to step down in six months or a year at most."

President Corazon Aquino has withstood all the tests in the past 2 years or so. With her firm but gentle character, her amazing will power, her readiness to solicit opinions among all circles, and her determination to win the people's trust, she has built up her reputation both at home and abroad and led the Philippines onto a track of more stable development. During this period, she rescinded the old constitution, disbanded the old congress, reorganized the supreme court, changed governors and mayors, secured control over the congress and local governments at all levels through elections, and thus ensured the steady and smooth implementation of the new government's policies. With regard to economic affairs, she abolished state monopoly, encouraged development of the private economic sector, and emphasized agricultural development as a priority task. As a result, the country's GNP, which had remained negative for 3 years, miraculously rose to a positive 5.1 percent in 1987, a wonderful achievement in the public's eyes. With regard to military affairs, she has wholly depended on Defense Minister Ramos and a group of high-ranking military officers loyal to the new government, took resolute action to reorganize the leading organs of the army, removed Enrile from his post as defense minister, dismissed some high-ranking military officers, effected a considerable increase in the wages for junior military officers and soldiers, and thus partly eliminated unstable factors within the army. So, after 2 years' efforts, the situation in the Philippines has been improved and those who doubted Corazon Aquino's ability to remain in office finally have to treat her with increased respect.

President Corazon Aquino (or Cory, as people call her affectionately) was born to the Cojuangco family in Tarlac Province, central Luzon. Co Giok Juang, her great-grandfather, was a Chinese who immigrated into the Philippines in 1870 and later became a wealthy landlord through planting. As a member of the fourth generation of the Cojuangcos, which have now become a completely Filipino family, Corazon Aquino can only be counted as a Filipino with Chinese extraction. At the age of 13, she went to the United States to further her studies

and later received her higher education there. In 1953, she obtained her B.A. from College of Mount Saint Vincent, New York, the United States. In 1984, College of Mount Saint Vincent and Stonehill College conferred honorary doctoral degrees on her. She was married to Benigno Aquino in 1956. They had a son and four daughters.

Though born to a prominent family, Corazon is disgusted with the greedy character of former President Marcos and his wife, their extravagant and corrupt life style, and their indifference to the ordinary people's well-being. After assuming office, she promised to try her best to fight against poverty and unemployment and reform the corrupt political structure. She encouraged her cabinet members to practice frugality and made it a rule that no minister is allowed to put up at any luxurious hotel or enjoy a suite when travelling abroad. She herself leads a simple life too. She refused to move into Marcos' presidential palace but continued to live in her former residence at Quezon City in the Manila suburbs after she assumed office. As she went to work and return home by car every day, she instructed her chauffeur to observe traffic regulations and stop in front of red lights. Out of security consideration, she later accepted her friends' advice to move into a residence formerly used to entertain foreign guests, near the Presidential Palace. But she had all the luxurious furniture in that house replaced by ordinary furniture. Her office is also simply furnished, giving a plain and comfortable impression.

Corazon likes to dress in yellow because the yellow color has a special meaning to her. Her husband, late senator Benigno Aquino, had been thrown into jail by Marcos. The senator later flew to the United State for medical treatment and lived there with her wife in exile. He liked a song called "Tie a Yellow Ribbon Round the Old Oak Tree" during his stay in the United States, because it reflected his feelings as an exile in a foreign country. The song tells the story of a prisoner who was not sure whether his wife would forgive him after his release and wrote her a letter, telling her to tie a yellow ribbon around an oak tree if she still wanted him back. In 1983, when Benigno risked his life to return to the Philippines, all his followers who welcomed him at the airport put on a yellow badge. But they were all shocked to witness Benigno assassinated as soon as he alighted from the plane. Since then the yellow color carries a special meaning in the country and is accepted as a symbol of democracy, freedom, and justice in demonstrations. Nowadays, when attending every grand gathering or important function, President Corazon Aquino always puts on a yellow dress, and members of all parties, factions, and organizations supporting the new government, as well as the masses, always wear yellow badges and wave yellow flags, making the venue a yellow world.

After having assumed office, Corazon Aquino has made inspections around the country very often. In 1987 she visited a slum district in northern Manila. The place is known as "Smoke Hill" or called "Happy Island" in a

satiric tone as stinking garbage is piled up around the district and mosquitos and flies breed everywhere. The poor people there just live in sheds built on piles of garbage. President Aquino's visit to this neglected slum district deeply moved the residents there. A 30 year-old woman said: "Although we still haven't seen any improvement in our life after Corazon Aquino became president, we feel Cory better than Imelda (Marcos' wife) since the latter has never come here."

President Corazon Aquino is very busy every day. She usually discusses state affairs with her ministers every morning. In the afternoon, she meets with foreign ambassadors, delegations, people from various circles, or reporters. She often works late into the night in her office. But the harmonious atmosphere within her family and her children's respect and support for her have given her a great impetus.

Corazon's eldest daughter is 32 years old. She stayed with her mother after marriage. As a silent woman, she has shown a political talent and is now working with President Aquino, serving as her closest aide. She always accompanies Corazon when Corazon travels abroad, makes inspection tours at home, or meets government ministers to discuss most confidential matters.

The initial achievements that President Corazon Aquino made in the past 2 years have strengthened her confidence in running her government. However, since all the contradictions that the Philippines is facing are deep-rooted, they are not likely to be resolved overnight. The president will still be facing various challenges and tests in the next 4 years.

Latin America & Caribbean

Gorbachev Writes Arias on Arms Supply
OW120906 Beijing XINHUA in English 0814 GMT
12 Apr 88

[Text] San Jose, April 11 (XINHUA)—Soviet leader Mikhail Gorbachev said his country will not stop sending arms to Nicaragua as long as the United States continues to supply arms for Honduras and El Salvador.

Gorbachev said this in reply to Costa Rican President Oscar Arias Sanchez, according to press reports here Sunday.

In his letter addressed to Gorbachev on March 7, Arias asked the Soviet leader to suspend the Soviet arms supply to Central America.

In his reply, Gorbachev said the Soviet Union proposed to the United States that both countries stop "supplying arms to Central American countries." However, an agreement has not yet been reached on that issue, he said.

Gorbachev criticized Washington for not having reduced its arms supplies to Honduras and El Salvador under the alleged "obligations" to those countries.

"What is more," he said, "it has given modern combat planes to Honduras and increased its military presence in that country, which is the main base of the Nicaraguan contras, in a show of strength."

The Soviet leader stressed that under these circumstances Nicaragua cannot be urged to accept a unilateral disarmament.

Gorbachev reaffirmed in his reply that the Soviet Union will agree on a reciprocal basis to commit itself to fully respecting and applying the accord on arms security, control and limitation if such an accord is reached by Central American countries within the framework of the Contadora group process.

The Soviet leader also denied Arias' statement about Soviet arms supplies to guerillas in El Salvador and Guatemala, saying the allegation is "completely false."

On the other hand, the Soviet ambassador to Costa Rica, Vadim Leontiyevich, told Arias that the Soviet Union will not stop sending arms to Nicaragua unless the United States agrees to suspend its military aid to Honduras and El Salvador.

Arias, in his letter to Gorbachev, also urged the Soviet leader to change his policy in Central America and to establish a dialogue on the elimination of conventional weapons.

According to Arias, the Soviet Union and the East European socialist countries have sent the Nicaraguan Sandinista government more than 2 billion dollars worth of arms since 1979, and the aid has recently been stepped up.

NPC Approves New State Council 12 April
OW120325 Beijing XINHUA in English 0315 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—Following is the composition of China's State Council (cabinet) as approved by the National People's Congress:

Premier: Li Peng

Vice-premiers: Yao Yilin, Tian Jiyun, Wu Xueqian

State councillors: Li Tieying, Qin Jiwei, Wang Bingqian, Song Jian, Wang Fang, Zou Jiahua, Li Guixian, Chen Xitong, Chen Junsheng

Secretary-general of the State Council: Chen Junsheng (concurrently)

Minister of foreign affairs: Qian Qichen

Minister of national defense: Qin Jiwei (concurrently)

Minister in charge of the State Planning Commission: Yao Yilin (concurrently)

Minister in charge of the State Commission for Restructuring Economy: Li Peng (concurrently)

Minister in charge of the State Education Commission: Li Tieying (concurrently)

Minister in charge of the State Science and Technology Commission: Song Jian (concurrently)

Minister in charge of the Commission of Science, Technology and Industry for National Defense: Ding Heng-gao;

Minister in charge of the State Nationalities Affairs Commission: Ismail Amat (of Uygur nationality)

Minister of public security: Wang Fang (concurrently)

Minister of state security: Jia Chunwang

Minister of supervision: Wei Jianxing

Minister of civil affairs: Cui Naifu

Minister of justice: Cai Cheng

Minister of finance: Wang Bingqian (concurrently)

Minister of personnel: Zhao Dongwan

Minister of labor: Luo Gan

Minister of geology and mineral resources: Zhu Xun

Minister of construction: Lin Hanxiong

Minister of energy resources: Huang Yicheng

Minister of railways: Li Senmao

Minister of communications: Qian Yongchang

Minister of machine-building and electronics industry: Zou Jiahua (concurrently)

Minister of aeronautics and astronautics industry: Lin Zongtang

Minister of metallurgical industry: Qi Yuanjing

Minister of chemical industry: Qin Zhongda

Minister of light industry: Zeng Xianlin

Minister of textile industry: Wu Wenying (female)

Minister of posts and telecommunications: Yang Taifang

Minister of water resources: Yang Zhenhuai

Minister of agriculture: He Kang

Minister of forestry: Gao Dezhan

Minister of commerce: Hu Ping

Minister of foreign economic relations and trade: Zheng Tuobin

Minister of materials: Liu Suinian

Minister of culture: Wang Meng

Minister of radio, film and television: Ai Zhisheng

Minister of public health: Chen Minzhang

Minister in charge of the State Physical Culture and Sports Commission: Li Menghua

Minister in charge of the State Family Planning Commission: Peng Peiyun (female)

Governor of the People's Bank of China: Li Guixian (concurrently)

Auditor-General of the auditing administration: Lu Peijian.

XINHUA Gives Reports on New Cabinet Members
OW120340 Beijing XINHUA in English 0317 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—The First Session of the Seventh National People's Congress today appointed, upon nomination by Premier Li Peng, three

vice-premiers, nine state councillors and one secretary-general of the State Council, as well as ministers of the 41 ministries and commissions under the State Council.

Yao Yilin, Tian Jiyun and Wu Xueqian are vice-premiers. Wu Xueqian is promoted from his previous post of state councillor and foreign minister.

The nine state councillors are Li Tieying, Qin Jiwei, Wang Bingqian, Song Jian, Wang Fang, Zou Jiahua, Li Guixian, Chen Xitong and Chen Junsheng. Except for Wang Bingqian and Song Jian, the other seven assume the post for the first time.

Li Guixian and Chen Xitong used to work in localities. Li was former secretary of the Anhui provincial committee of the Communist Party of China (CPC). Chen will continue to serve as mayor of Beijing.

The new cabinet is one vice-premier and two state councillors fewer than the previous one.

The average age of the 13 principal leaders of the State Council (the premier, three vice-premiers and nine state councillors) is 61. Of the 13, nine have a college education. Some engaged in professional and technical work for a long time, being senior engineer or professor.

According to local observers, these principal leaders of the State Council are competent in running affairs of the government, reform-minded and pragmatic. Most of them are experienced officials in the prime of life.

The posts of secretary-general of the State Council and nine ministers are held concurrently by the premier, one vice-premier and seven state councillors. Li Peng also serves as minister in charge of the State Commission for Restructuring Economy, Yao Yilin minister in charge of the State Planning Commission, Li Tieying minister in charge of the State Education Commission, Qin Jiwei minister of national defense, Wang Bingqian minister of finance, Song Jian minister in charge of the State Science and Technology Commission, Wang Fang minister of public security, Zou Jiahua minister of machine-building and electronics industry, Li Guixian governor of the People's Bank of China, and Chen Junsheng secretary-general of the State Council.

The average age of the other 32 ministers is 58. All of them except one are university or college graduates. Ten of them become cabinet members for the first time.

They are Minister of Foreign Affairs Qian Qichen, 60, former vice-foreign minister; Minister of Justice Cai Cheng, 60, former vice-minister of justice; Minister of Labor Luo Gan, 52, former vice-president of the All-China Federation of Trade Unions; Minister of Construction Lin Hanxiong, 58, former director-general of the State Administration of Building Materials; Minister of Energy Resources Huang Yicheng, 61, former vice-minister of the State Planning Commission; Minister of

Railways Li Senmao, 58, former acting minister of railways; Minister of Aeronautics and Astronautics Industry Lin Zongtang, 61, former vice-minister of the State Economic Commission; Minister of Water Resources Yang Zhenhuai, 59, former vice-minister of water resources and electric power; Minister of Commerce Hu Ping, 57, former vice-minister of the State Economic Commission and governor of Fujian Province; and Minister of Materials Liu Suinian, 58, former vice-minister of the State Planning Commission.

XINHUA Profiles Appointees to State Council

Vice Premier Yao Yilin

OW120347 Beijing XINHUA in English 0327 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—Yao Yilin, a senior economic planner, was approved as vice-premier of the State Council once again at a plenary meeting of the First Session of the Seventh National People's Congress here today.

He was at the same time appointed again minister in charge of the State Planning Commission. He became a vice-premier in 1978 and remained on the post after the restructuring of the State Council in 1982.

Yao was elected at the age of 70 one of the 5 members of the Standing Committee of the Political Bureau of the 13th party Central Committee at its first plenary session in November 1987.

People believe that his experience is important to deepening the reform of China's economic structure.

For a long time, Yao's name has been associated with major economic activities in China. After the founding of New China in 1949, he worked in commerce and foreign trade, serving successively as vice minister of foreign trade, vice-minister of commerce and deputy director of the office under the State Council in charge of finance and trade. Yao served as minister of commerce for 7 years after 1960.

At the head of a Chinese commercial delegation, he went to Moscow in 1951 to participate in Sino-Soviet trade negotiations.

Yao Yilin participated in drafting China's five-year economic development plans. He manifested his economic managerial ability in the 1949-1952 period when the national economy was restored and in the 3 year period in the early 1960s when the economy was readjusted.

In 1979, as vice premier and secretary general of the Financial and Economic Committee of the State Council, he helped readjust China's overheated economic growth.

Yao's career as an economic planner dates back to the country's liberation war period from 1946 to 1949, when he served as director of the Industrial Bureau and deputy director of the Financial and Economic Office of the Shanxi-Chahar-Hebei border region government, and head of the Department of Industry and Commerce of the North China People's Government.

As early as in 1980, Yao systematically proposed accelerating the reform of China's economic structure, including expanding the decisionmaking power of state-run enterprises, encouraging extensive competition among enterprises, opening more commodity circulation channels, independent banking operations, reforming the taxation system, and pursuing market regulation under the guidance of state planning.

Born in 1917 in Guichi County, Anhui Province, Yao was a graduate of chemistry of Qinghua University. He joined the Chinese Communist Party in 1935, as secretary of the Communist Party fraction in the Beiping Students' Federation, he was one of the organizers of the Beiping students' patriotic movements against Japanese aggression and for democracy.

During the 1937-1945 War of Resistance Against Japan, Yao did underground work for the party, serving as secretary of the Tianjin City party committee and secretary general of the Shanxi-Chahar-Hebei bureau of the party central committee. He also participated in leading an armed uprising in eastern Hebei Province.

For a period after 1979, he served as deputy secretary general of the party Central Committee and director of the General Office of the party Central Committee.

He was elected an alternate member of the party Central Committee at the 8th National CPC Congress in 1956 and the 10th party congress in 1973, a full member of the party Central Committee at the 11th party congress in 1977 and a member of the Secretariat of the party Central Committee at the 3d Plenary Session of the 11th CPC Central Committee held the following year.

Yao was elected an alternate member of the Political Bureau at the 1st Plenary Session of the 12th CPC Central Committee in 1982 and elected a full member of the Political Bureau in 1985.

Vice Premier Tian Jiyun

OW120356 Beijing XINHUA in English 0338 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—Tian Jiyun, a financial expert, was approved as one of the three vice-premiers of the State Council at the First Session of the Seventh National People's Congress here today.

Tian Jiyun was first appointed vice-premier in June 1983. Since then, his name has been associated with many important economic decisions and activities.

He played an important part in the reform of a system concerning taxes and profits of state-owned enterprises, which proved beneficial to improving enterprise management and increasing national revenue.

In the past, state-owned enterprises in China had to submit almost all their profits to the state and at the same time depend on state allocations for their expenditure. Some enterprises, operating in the red, became a burden of the state.

Under the new system enterprises can retain part of their profits after paying taxes and use it for technological upgrading, expanding production and for improving their workers' welfare.

Tian Jiyun also joined in leading the price and wage reforms, an important but complicated part in the program in restructuring China's economic system.

The reforms of the price and wage systems are still going on. Tian stressed, "We must be firm with our strategy in the reforms and at the same time cautious with specific measures."

Tian also attached great importance to promoting economic development in China's underdeveloped areas. In June 1986 the State Council set up a leading group for the purpose and the State Council decided to give more economic assistance to such areas. Tian always emphasized the need to strengthen these areas' own ability to develop their economy.

Tian Jiyun was born in 1929 in Feicheng County, Shandong Province, where he became an apprentice at the age of 11. He joined the Communist Party in May 1945.

He took part in the land reform after 1947, and in 1949 went to work in southwest China's Guizhou Province. He first worked in a cadres' training center and from 1953 to the early 1960s worked in the Guizhou provincial Department of Finance, and became its deputy director. He was later transferred to Sichuan Province and served as deputy director and then director of the provincial Bureau of Finance in this most populous southwest China province.

When Zhao Ziyang was first secretary of the provincial party committee in Sichuan and introduced economic reforms, Tian rendered effective support.

Tian was appointed deputy secretary-general of the State Council in 1981 and one year later elected a member of the 12th party Central Committee. In 1985 he was elected member of the Political Bureau and of the Secretariat of the party Central Committee. In 1987, he was again elected member of the Political Bureau of the 13th Central Committee.

Vice Premier Wu Xueqian

*OW120420 Beijing XINHUA in English 0346 GMT
12 Apr 88*

[Text] Beijing, April (XINHUA)—Wu Xueqian was approved as vice-premier of the State Council at the First Session of the Seventh National People's Congress here today.

As one of the three vice-premiers, he will assist Premier Li Peng in running foreign affairs. He will supervise the implementation of the foreign policy and coordinate diplomatic activities of the country.

The 66-year-old diplomat, who had served as China's foreign minister over the past six years, has more than 30 years of experience in foreign affairs, including those years when he worked in the Central Committee of the Chinese Communist Youth League and the International Liaison Department of the Central Committee of the Chinese Communist Party.

Wu holds that diplomatic work, an important part of state political life, should be guided by a correct foreign policy and backed by national strength. Over the years, he had led the foreign ministry in achieving many successes in the implementation of the foreign policy of independence and peace formulated by the party Central Committee and the State Council.

Wu also stressed that diplomacy should serve domestic reforms and the open policy, and organized successful "economic diplomacy".

Over the past six years Wu visited 70 countries on five continents, including socialist countries in Eastern Europe, many Western developed countries and still more Third World countries. The visits helped strengthen mutual understanding and friendly relations between China and these countries.

He attended five annual General Assemblies of the United Nations and the celebration meeting on the 40th anniversary of the U.N. Economic and Social Commission for Asia and the Pacific in August last year. In his speeches on these occasions, he gave an account of the situation in China and explained China's stand towards the world situation and major international issues. Taking advantages of these opportunities, he also met a number of foreign leaders and his foreign counterparts. He twice met Soviet Foreign Minister Shevardnadze.

Last March Wu paid his last visit abroad as foreign minister, to the United States and Britain. In the United States, he exchanged views on Sino-U.S. relations and important international issues with President Reagan, Secretary of State George Shultz and other U.S. officials. This improved mutual understanding between the two countries and eliminated some bad atmosphere which had shadowed bilateral relations since the later half of last year. The U.S. side offered to reexamine limitations

on its transfer of technology to China, and President Reagan promised that the United States will do its best to help create an environment for personnel exchanges between taiwan and the mainland.

His visit to Britain furthered friendly cooperation between the two countries.

Wu took pains to train younger and competent diplomats. Now most of the Chinese ambassadors posted abroad are below the age of 60, and the majority speak at least one foreign language.

Wu is seen by his colleagues and foreign diplomats as realistic, experienced and clear-minded. He works eight hours a day in his office, and continues his work at home in the evenings. He speaks French and English and listens to foreign radio broadcasts.

He likes to read literature but he can find little time to do that. He persists in jogging every morning.

He was born in Shanghai in 1921 and studied in the Foreign Languages Department of Ji'nan University. He became an organizer of student movements in Shanghai after 1937 and joined the Communist Party in 1939. After 1944, he served successively as secretary-general of the Shanghai Work Committee of the Chinese Communist Youth League, representative of the Chinese Communist Youth League Central Committee to the World Youth Federation, deputy director and director of the International Affairs Department of the Youth League Central Committee.

After 1958, he served successively as section chief, bureau chief and deputy director of the International Liaison Department of the Communist Party Central Committee. In 1982 he was appointed vice-minister of foreign affairs and became foreign minister in the same year. He was appointed a State Councillor and concurrently foreign minister in 1983.

Wu has been a member of the 12th and 13th Communist Party Central Committee and has been a member of the Political Bureau of the party Central Committee since 1985.

State Councillor Li Tieying

*OW120438 Beijing XINHUA in English 0417 GMT
12 Apr 88*

[Text] Beijing, April 12 (XINHUA)—Li Tieying, 51, was approved state councillor and minister in charge of the State Education Commission today at a plenary meeting of the current session of the Seventh National People's Congress.

Li succeeded Zhao Ziyang to become the minister in charge of the State Commission for Restructuring Economy last April and was elected a member of the Political

Bureau of the Central Committee of the Chinese Communist Party at the First Plenary Session of the 13th party Central Committee held last November.

Li Tieying replaced Li Peng as the minister in charge of the State Education Commission, and the latter was approved the minister in charge of the State Commission for Restructuring Economy today.

An important department of the Chinese Government, the State Education Commission is in charge of the education of the whole country, which now has more than 120 million primary school pupils, 50 million middle school students and over two million undergraduates and graduates.

Li was born in 1936 in Yan'an, one of the revolutionary bases led by the Chinese Communist Party during the anti-Japanese war. His father, Li Weihuan, was a senior leader of the Communist Party of China.

In 1961, Li returned to China from Czechoslovakia at the end of completing his study there and began to work in the Ministry of Electronics Industry. He took part in the manufacturing of the first integrated circuit of China and super-speed integrated circuit series which won a prize at the 1978 National Science Conference.

He was named a model worker of Shenyang City for his outstanding achievements.

Li Tieying became a chief engineer and deputy head of one of the research institutes under the Ministry of Electronics Industry and was deputy director of the Shenyang Municipal Science and Technology Commission.

He became secretary of the Communist Party committee of the city in 1981 and two years later, secretary of the Liaoning provincial party committee, becoming one of the youngest secretaries of China's provincial party committees.

He was elected an alternate member of the party Central Committee at the 12th national congress of the party in 1982 and became a member of the party Central Committee in 1985. He became the minister of electronics industry the same year.

State Councillor Zou Jiahua

OW120500 Beijing XINHUA in English 0446 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—Machinery engineer Zou Jiahua was appointed today to head the newly-formed Ministry of Machine-Building and Electronics Industry. He is also one of the nine state councillors of the State Council.

As part of the proposal for restructuring the State Council approved at the current session of the National People's Congress, the new ministry was set up by merging the Ministry of Electronics Industry and the State Commission for Machine-Building Industry. Zou used to be minister of the commission.

Born in Shanghai in October 1926, Zou went to study machine-building engineering in the Soviet Union after polishing his Russian at Harbin Polytechnical University in 1948. After returning to China in 1955, he worked as engineer, chief engineer and director of the Shenyang No 2 Machine Tool Plant.

After 1964, he was made director of the Machine Tool Research Institute attached to the former first machine-building industry ministry, and later deputy director of State Council's National Defense Industry Office.

Zou was appointed vice-minister of the Commission of Science, Technology and Industry for National Defense in 1982, minister of ordnance industry in 1985, and a year later minister in charge of the former State Commission for Machine-Building Industry.

Zou, who joined the Communist Party of China in 1945, was elected an alternate member of the 11th CPC Central Committee, and member of the 12th and 13th CPC Central Committees.

State Councillor Chen Junsheng

OW120528 Beijing XINHUA in English 0459 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—Chen Junshen, former secretary-general of the State Council, was appointed state councillor today and will continue to hold his former post.

Chen, 61, worked in his native Heilongjiang Province for a long time after 1946, serving as head of propaganda and organization departments, and secretary of Chinese Communist Party committees in several counties, secretary of a secretary of the provincial party committee, member of the Standing Committee of the provincial party committee and deputy secretary-general of the provincial party committee.

After 1973, he served as deputy director of the Policy Research Center of the Heilongjiang provincial party committee, director of the committee's general office, and later secretary-general and concurrently secretary of the Qiqihar City party committee.

After 1981, Chen worked as secretary of the Heilongjiang provincial party committee. After 1984, he served as vice-president of the All-China Federation of Trade Unions and deputy director of the Rural Policy Research Center of the Secretariat of the Chinese Communist Party Central Committee. Since 1985 he has been secretary-general of the State Council.

He was elected a member of the 13th party Central Committee in October 1987.

State Councillor Chen Xitong
OW120526 Beijing XINHUA in English 0455 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—Beijing Mayor Chen Xitong was appointed one of the nine state councillors of the State Council at a plenary meeting of the current session of the National People's Congress here today.

Observers here agree that Chen's appointment is probably designed to help better coordinate the relations between the Central Government and Beijing municipality.

Chen, 58, a native of Anyue County, Sichuan Province, studied in Beijing University in 1948, majoring in the Chinese language. After 1949, he served as a deputy head of a police substation and chief of a secretary section.

After 1953, he became secretary of Liu Ren, second secretary of the Beijing municipal committee of the Communist Party of China. After 1963, he worked in Beijing's suburban Changping County for a long time, serving as secretary of a people's commune party committee, secretary of the county party committee and chairman of the county revolutionary committee.

After 1979, Chen served as Beijing deputy mayor and secretary of the Beijing municipal party committee. After 1983, he became mayor and concurrently director of the Beijing Planning and Construction Committee. In 1987, he was elected Beijing mayor again.

He is a member of the 12th and 13th party Central Committees.

State Councillor Li Guixian
OW120524 Beijing XINHUA in English 0451 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—Li Guixian, an electric vacuum chemical engineer little known to the public, was appointed state councillor and concurrently governor of China's central bank, the People's Bank of China.

Before the appointment, Li, 50, was secretary of the Liaoning provincial committee of the Chinese Communist Party in 1985. He became secretary of the Anhui provincial party committee in the following year.

Li's predecessor was Chen Muhua, who was elected vice-chairwoman of the Standing Committee of the Seventh National People's Congress.

A native of Gaixian County, Liaoning Province, Li Guixian joined the Communist Party of China in 1962.

Li studied in the Chinese University of Science and Technology in 1959 and went to the Soviet Union to study electronics vacuum chemistry in the following year.

After returning to China in April 1965, he worked in a research institute of the Ministry of Public Security. Between 1967 and 1976, he served as a technician, deputy director and chief engineer of a large factory.

After 1977, he became deputy director and chief engineer of the Electronics Industry Bureau of Jinzhou City, Liaoning Province, and later deputy director and chief engineer of the Liaoning provincial Electronics Industry Bureau.

In 1982, he became deputy governor of Liaoning Province and concurrently director of the Liaoning provincial Science and Technology Commission. In 1983, he became a deputy provincial governor.

Li Guixian is a member of the 12th and 12th Central Committees of the Communist Party of China.

State Councillor Wang Fang
OW120458 Beijing XINHUA in English 0441 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—Wang Fang, who became minister of public security last year, continued to hold the post today in the new government headed by Premier Li Peng.

He also became one of the nine state councillors today.

Wang is now concurrently first political commissar of the Chinese People's Armed Police Force. He was elected member of the 12th Central Committee of the Communist Party of China (CPC) in 1982 and member of the CPC Central Advisory Commission in the 13th CPC National Congress last year.

Wang had been secretary of the Zhejiang provincial party committee before becoming minister of public security.

Wang, 67, has devoted most part of his revolutionary career to public security work since he joined the Eighth Route Army in his native county of Xintai, Shandong Province, in 1937.

After 1937, he served successively as squad leader, platoon commander, company commander and head of public security sections. After 1944, he served as head of public security departments in army units successively.

After the founding of the People's Republic of China in 1949, he served successively as director of the Public Security Bureau of Hangzhou City, Zhejiang Province, head of the Zhejiang provincial Department of Public Security and the provincial vice-governor.

Wang, who was persecuted during the "Cultural Revolution" (1966-1976), resumed work in 1977. Later, he served successively as secretary of the Ningbo prefectural party committee, first secretary of the Ningbo City party committee, vice-chairman of the Zhejiang provincial Revolutionary Committee, deputy secretary and later secretary of the provincial party committee.

Defense Minister Qin Jiwei

OW120423 Beijing XINHUA in English 0358 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—Qin Jiwei, who has been commander of the Beijing Military Area Command, was approved as minister of national defense at the First Session of the Seventh National People's Congress (NPC) to replace General Zhang Aiping here today.

Qin has also been approved as councillor of the State Council headed by Premier Li Peng and member of the Central Military Commission headed by Chairman Deng Xiaoping.

The new minister said he will work to implement the principles and policies set by the 13th National Party Congress and the resolutions of the Seventh NPC, try to promote the modernization of national defense, develop friendly ties and cooperation between the Armed Forces of China and friendly countries, oppose hegemonism and safeguard world peace, under the leadership of the State Council and the Central Military Commission.

Qin, a veteran general, was promoted to become a full member from an alternate member of the Political Bureau of the CPC Central Committee in November last year at the 13th National Party Congress. He has served as political commissar and commander of the Beijing Military Area Command for 13 years.

Qin was born into a poor peasant family in 1914 in Honggan County, central China's Hubei Province, which was part of the Hubei-Hebei-Anhui Revolutionary Base under the leadership of the CPC in the late 1920s and early 1930s. He joined the Chinese Workers' and Peasants' Red Army at the age of 15 in 1929 and the CPC in 1930. He took part in the Long March (1934-35).

In the Anti-Japanese War (1937-45) and the Liberation War (1946-49), he served as an army officer under the command of Liu Bocheng and Deng Xiaoping, and took part in many major campaigns. He served as platoon leader, company commander, regiment commander, deputy brigade commander, commander of a sub-military area, commander of the Taihang Military Area, and column commander.

He distinguished himself in the Korean War. In 1950, he commanded the 15th Army of the Chinese People's Volunteers and joined the War to Resist U.S. Aggression

and Aid Korea. In the famous Battle of Shangkamryung Ridge between October and November 1952, he directed his troops in holding a 4 sq. km. position and killing 25,000 enemy troops.

He became a lieutenant general in 1955.

Between 1955 and 1957, Qin studied in the Nanjing Military Academy which had Marshal Liu Bocheng as its president. Upon his graduation, he became commander of the Kunming Military Area. In the early years of the "Cultural Revolution" (1966-1976), he was persecuted by Lin Biao, Jiang Qing, and company who regarded him as a follower of Deng Xiaoping and He Long. After he was rehabilitated, he was appointed commander of the Chengdu Military Area. After 1975, he served successively as second and first political commissar and commander of the Beijing Military Area.

He organized and directed the 1981 military maneuver in north China, the biggest of its kind since the founding of New China. On October 1, 1984, the 35th anniversary of the founding of New China, he was the general commander of the military parade on the Tiananmen Square.

Under his leadership, the Beijing Military Area Command has resolutely fulfilled its share in cutting the Chinese Army by 1 million, a decision initiated by Deng Xiaoping. He stressed that the building of the Army should depend on economic development of the country as a whole. He also stressed that army modernization should not be relaxed.

Those who work with Qin said that he is strict with his troops. He asked them to pay attention to the changes in the conditions of the wars of the past and at present, and adapt themselves to the needs of a modern war.

Qin has been member of the CPC Central Committee since 1973 and was elected alternate member of the Political Bureau of the CPC Central Committee in 1982 at the 12th National Congress.

Foreign Minister Qian Qichen

OW120447 Beijing XINHUA in English 0409 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—Qian Qichen, former vice foreign minister, was approved as minister of foreign affairs today at a plenary meeting of the First Session of the Seventh National People's Congress to replace Wu Xueqian, who is promoted to become a vice premier. Qian's career as a diplomat began in the 1950s. From 1954 to 1974, he handled Soviet Union affairs and spent 10 years in that country.

After 1974, he was China's ambassador to Guinea. While serving as the director of the Information Department of the Foreign Ministry from 1977 to 1982, he proposed to set up a spokesman system and became the first spokesman of the ministry.

When political consultation between China and the Soviet Union started in October 1982, Qian, then a new vice minister, was empowered to negotiate with the Soviet Union as the special envoy of the Chinese Government.

Eleven rounds of the marathon consultation have been conducted so far and when the two countries resumed their border talks last year, Qian again became head of the Chinese delegation to the talks.

In 1986, he accompanied Premier Zhao Ziyang on his visit to Romania and Yugoslavia. The following year he again accompanied Zhao Ziyang, then acting general secretary of the Chinese Communist Party Central Committee and premier, to visit five East European countries.

Qian also accompanied Chinese leaders on their visits to countries in Western Europe, Asia, and Africa.

Qian has also been in charge of United Nations affairs and this provides him with a broader vision of international issues. He addressed the United Nations Regional Conference on Disarmament in March last year and the United Nations Disarmament and Development Conference last August to explain China's stand towards the disarmament issue.

He also conducted talks with Canadian, U.S. and Australian Government officials on the issue of disarmament and led Chinese delegations to meetings of the United Nations Economic and Social Commission for Asia and the Pacific.

In 1985, he accompanied Premier Zhao Ziyang to the United Nations on the occasion of its 40th anniversary.

Qian is known as a talented negotiator and spokesman. He speaks English and Russian.

Born in Tianjin in 1928, Qian joined the Chinese Communist Party in 1942. He worked at Shanghai's "TA KUNG PAO" and engaged in underground activities of the Communist Party.

After 1953, he worked at the Central Committee of the Communist Youth League and the Ministry of Higher Education. From 1954 to 1955, he studied in the Soviet Union and later worked as second secretary and counsellor in the Chinese Embassy in Moscow.

He has been a member of the 12th and 13th Central Committee of the Chinese Communist Party.

Finance Minister Wang Bingqian

OW120440 Beijing XINHUA in English 0423 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—Wang Bingqian was appointed minister of finance again today, a post which he has held for over seven years.

Today he also became one of the nine state councillors of the newly-formed State Council, with Li Peng as the premier.

Born in Lixian County of Hebei Province in June 1925, Wang Bingqian joined the Communist Party of China in January 1945.

He started revolutionary work in 1939 as a secretary. Between 1945 and 1948, he engaged in financial work, serving as an assistant in the auditing committee and Office of Financial and Economic Affairs of the Central Hebei District, a section member in the department of financial affairs of the Central Hebei Administrative Office, and a deputy section head of the auditing division of the Department of Financial Affairs of the North China People's Government.

After the founding of New China in 1949, he served in the Ministry of Finance as a section head, a division head and director of the Budget Department. In 1970, he was appointed vice-minister of finance and ten years later became minister. He became a state councillor in 1983.

Wang Bingqian is a member of the 12th and 13th party Central Committees.

Science Minister Song Jian

OW120439 Beijing XINHUA in English 0427 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—China's noted cybeneticist Song Jian was appointed State Councillor and concurrently minister in charge of the State Science and Technology Commission again today.

Song became minister in charge of the commission in 1984 and state councillor in 1986. During his tenure he worked hard to promote the reform of China's scientific and technological structure, and helped draw up plans for the development of China's science and technology, and implement the "Spark Program," designed to spread research results in the vast rural areas.

Born in December 1931 in Rongcheng County, Shandong Province, Song joined revolutionary work in eastern Shandong Province in 1945 and became a member of the Communist Party of China in June 1947.

After 1948, he studied in a party school and a school for training officials specializing in industrial management. After 1949, he studied at Harbin Polytechnical University and Beijing Foreign Languages Institute.

During the 1950s, Song studied automatic control in the Soviet Union and received a graduate degree there. After his return to China in 1960, he worked as a researcher and professor in various defense research institutes.

After 1981, Song served as director of an information cybernetics institute, chief engineer and vice minister of the seventh Ministry of Machine-Building Industry, and vice minister of Astronautics Industry.

Song was an alternate member and later a full member of the 12th party Central Committee, and a member of the 13th party Central Committee.

XINHUA 'Backgrounder' on New Ministers
OW120538 Beijing XINHUA in English 0503 GMT
12 Apr 88

["Backgrounder: New Chinese Ministers"—XINHUA headline]

[Text] Beijing, April 12 (XINHUA)—The First Session of the Seventh National People's Congress (NPC) today approved the appointment of 41 ministers proposed by Premier Li Peng.

The following are their brief biographical notes:

— Foreign Minister Qian Qichen, 60, engaged in Communist Party and youth league activities in the 1940s; after 1954, studied in the Soviet Union's central youth league school; after 1955, served as second secretary in the Chinese Embassy in the Soviet Union and deputy head of the Foreign Affairs Department of the Higher Education Ministry; after 1972, served as counsellor in the Chinese Embassy in the Soviet Union, ambassador to Guinea and head of the Information Department of the Ministry of Foreign Affairs; after 1982, served as vice-foreign minister.

— National Defense Minister Qin Jiwei (concurrently state councillor), 73, served successively as regimental, brigade, division and army commander in the Red Army, Eighth Route Army and Chinese People's Volunteers; after 1957, served as commander of the Kunming military area, commander of the Chengdu military area, and first political commissar of the Beijing military area command; after 1980, served as commander of the Beijing military area.

— Minister of the State Planning Commission Yao Yilin (concurrently vice-premier), 70, served as secretary of the Tianjin Municipal Party Committee in the 1930s; after the founding of the People's Republic of China in

1949, held leading posts in the state council's financial and trade departments and served as vice-premier and minister of the State Planning Commission.

— Minister of the State Commission for Restructuring Economy Li Peng (concurrently premier), 55, electric expert, served as engineer and held leading posts in power projects; after 1979, served as vice-minister and minister of the electric power industry; after 1983, served as vice-premier; after 1985, served concurrently as minister of the State Education Commission; after November 1987, served as acting premier.

— Minister of the State Education Commission Li Tieying (concurrently state councillor), 51, senior engineer, served as secretary of the Shenyang municipal party committee, Liaoning provincial party committee and minister of the electronics industry; after 1987, served as minister of the State Commission for Restructuring Economy and minister of the electronics industry.

— Minister of the State Science and Technology Commission Song Jian (concurrently state councillor), 56, cybernetics expert and research fellow, worked in departments of science, technology and industry for national defense and served as chief engineer and later vice-minister of the ministry of the No. 7 machine-building industry and vice-minister of astronautics industry; after 1984, served as minister of the state science and technology commission.

— Minister of the State Commission of Science, Technology and Industry for National Defense Ding Heng-gao, 57, research fellow in precision machinery and optics; after 1982, served as deputy head of the science and technology department under the State Commission of Science, Technology and Industry for National Defense; after 1985, served as minister of the state commission of science, technology and industry for national defense.

— Minister of the State Nationalities Affairs Commission Ismail Amat, of Uygur nationality, 52, long engaged in party affairs and cultural and education work in Xinjiang; after 1972, served as secretary of the Xinjiang regional party committee and head of its organization department, chairman of the people's government of the autonomous region, political commissar of the PLA's Urumqi military command; after 1986, served as minister of the State Nationalities Affairs Commission.

— Minister of Public Security Wang Fang (concurrently state councillor), 67, long engaged in leadership in public security, worked as Zhejiang province's party committee secretary, after 1987, served as minister of public security and first political commissar of the armed police headquarters.

- Minister of State Security Jia Chunwang, 50, lecturer of physics at Qinghua University; after 1982, served as secretary of the Communist Youth League Beijing Committee; after 1983, served as secretary of Beijing's Haidian district party committee, and deputy secretary of the Beijing municipal party committee; after 1985, served as minister of state security.
- Minister of Supervision Wei Jianxing, 57, senior engineer, served as mayor of Harbin City in Heilongjiang Province, vice-president of the All-China Federation of Trade Unions, head of the party central committee's organization department; after 1987, served as minister of supervision.
- Minister of Civil Affairs Cui Naifu, 59, engaged in a civil affairs career in Shanxi and Gansu Provinces; in 1981, served as vice-minister of civil affairs; after 1982, served as minister of civil affairs.
- Minister of Justice Cai Cheng, 60, long engaged in judicial and public security work, served as president of the Chinese People's University of Public Security, and after 1985, served as vice-minister of justice.
- Minister of Finance Wang Bingqian (concurrently state councillor), 63, worked for long in North China as a financial auditor, served as director of the budget department of the Ministry of Finance; after 1970 served as vice-minister and minister of finance and state councillor.
- Minister of Personnel Zhao Dongwan, 62, senior engineer, worked for long in the heavy machine-building industry in northeast China; served as vice-minister of the first ministry of machine-building industry, vice-minister of the state science and technology commission, vice-minister of the State Planning Commission, and after 1985, served as minister of labor and personnel.
- Minister of Labor Luo Gan, 52, senior engineer engaged in the machine-building industry for a long time, served as deputy governor of Henan province and after 1983, served as vice-president of the All-China Federation of Trade Unions.
- Minister of Geology and Mineral Resources Zhu Xun, 58, senior engineer in departments of geology and mineral resources, served as vice-minister and after 1985 as minister of geology and mineral resources.
- Minister of Construction Lin Hanxiong, 58, senior engineer and research fellow in water resources and electric power departments, served as director-general of the Tangshan construction headquarters, director of the energy bureau of the State Science and Technology Commission, vice-chairman of the National Antarctic Research Committee, and after 1984 as director-general of the State Administration of Building Materials.
- Minister of Energy Resources Huang Yicheng, 61, a chief engineer in steam turbine manufacturing, served as deputy director of the comprehensive planning bureau of the State Planning Commission and after 1982 as vice-minister of the commission.
- Minister of Railways Li Senmao, 58, an engineer on the railways, served as vice-minister of railways after 1982.
- Minister of Communications Qian Yongchang, 55, senior engineer, served as director of the ocean shipping bureau of the Ministry of Communications, general manager of the China Ocean Shipping Company, vice-minister of communications between 1982 and 1984, and minister of communications after 1984.
- Minister of machine-building and electronics industry Zou Jiahua, 61, served as chief engineer and director of the Shenyang No. 2 Machine tool plant, director of the machine tool research institute of the first ministry of machine-building industry, vice-minister of the state commission of science, technology and industry for national defense, minister of ordnance industry from 1985 to 1986, and minister in charge of the state commission of machine-building industry after 1986.
- Minister of aeronautics and astronautics industry Lin Zongtang, 61, served as a chief engineer and a leading official in the machine building industry, vice-minister of the state economic commission and director of the machinery export office of the state council.
- Minister of Metallurgical Industry Qi Yuanjing, 59, senior engineer, served as a leading official in the metallurgical industry and as minister of metallurgical industry after 1985.
- Minister of Chemical Industry Qin Zhongda, 64, engaged in chemical research for a long time, and served as vice-minister of chemical industry after 1978 and as minister after 1982.
- Minister of Light Industry Zeng Xianlin, 59, senior engineer and leading official in the machine-building industry, served as vice-minister of the state science and technology commission and concurrently vice-minister of the state planning commission, and after 1987 as minister of light industry.
- Minister of Textile Industry Wu Wenying, female, 56, engineer, engaged in party affairs and organizational work for a long time in textile industry in Jiangsu Province, served as deputy secretary and concurrently head of the organization department of the Changzhou City party committee and after 1983 as minister of textile industry.
- Minister of Posts and Telecommunications Yang Taifang, 61, engineer, served as vice-president of the academy of posts and telecommunications sciences

under the Ministry of Posts and Telecommunications, and as vice-minister of posts and telecommunications after 1982 and as minister after 1984.

— Minister of Water Resources Yang Zhenhuai, 59, engaged in water conservancy for a long time in north-east China, and served as deputy director and concurrently chief engineer of the Haihe River water conservancy committee after 1982, and vice-minister of water resources and electric power after 1983.

— Minister of Agriculture He Kang, 65, agricultural expert, served as a leading agricultural official for a long time in east China, and as vice-minister of agriculture and forestry in 1978, as vice-minister of the state agricultural commission and concurrently vice-minister of agriculture in 1979, as vice-minister of agriculture, animal husbandry and fisheries and concurrently vice-minister of the State Planning Commission after 1982, and as minister of agriculture, animal husbandry and fisheries, and vice-president of the china association for science and technology after 1983.

— Minister of Forestry Gao dezhan, 55, senior engineer, served as a leading official in the chemical industry in Jilin Province for a long time, and served as Jilin provincial governor after 1985 and as minister of forestry in 1987.

— Minister of Commerce Hu Ping, 57, served as a leading economic official in Fujian Province for a long time, after 1981 served as vice-governor of Fujian Province and concurrently director of the planning commission of the province, after 1982 served as acting governor and later governor of the province, and after 1987 as vice-minister of the State Economic Commission;

— Minister of Foreign Economic Relations and Trade Zheng Tuobin, 64, served as a leading official in foreign trade departments for a long time, as vice-minister of foreign trade after 1977, as minister of foreign trade after 1981, as vice-minister of foreign economic relations and trade after 1982 and minister of foreign economic relations and trade after 1985.

— Minister of Materials Liu Suinian, 58, engaged in financial and planning work in the 1950s, served as director of the Economic Planning Institute after 1982 and as vice-minister of the State Planning Commission after 1986;

— Minister of Culture Wang Meng, 53, writer, engaged in Communist Youth League work and literary editing, after 1979 served as vice-president of the Beijing branch of the Writers' Association, after 1983 served as chief editor of the journal "People's Literature", executive vice-president and member of the Secretariat of the Writers' Association, and after 1986 as minister of culture.

— Minister of Radio, Film and Television Ai Zhisheng, 59, engaged in party work in Qinghua University for a long time, after 1983 served as deputy secretary-general of the State Council and minister of radio and television, and after 1986 as minister of radio, film and television.

— Minister of Public Health Chen Minzhang, 56, research fellow, medical doctor, after 1980 served as vice-president of the capital Medical Science University, president of the capital hospital and director of the Institute of Clinical Medicine under the Chinese Academy of Medical Sciences and after 1984 as vice-minister and minister of public health;

— Minister of the State Physical Culture and Sports Commission Li Menghua, 65, served as a youth organizer and physical culture promoter for a long time, after 1960 served as vice-minister of the state physical culture and sports commission and vice-president of the All-China Youth Federation, after 1981 as minister of the State Physical Culture and Sports Commission;

— Minister of the State Family Planning Commission Peng Peiyun, female, 58, engaged in education for a long time, after 1982 served as vice-minister of education, after 1985 as vice-minister of the State Education Commission, and after 1987 as vice-minister of the commission and concurrently party secretary of the Chinese University of Science and Technology and minister of the State Family Planning Commission.

— Governor of the People's Bank of China (concurrently state councillor) Li Guixian, 50, served as deputy director and chief engineer of the electronics industrial bureau of Jinzhou City, vice governor of Liaoning Province and concurrently director of the science and technology commission of the province, secretary of the provincial committee of the Chinese Communist Party, and after 1986 as secretary of the CPC Anhui provincial committee.

— Auditor-General of the Auditing Administration Lu Peijian, 59, once did financial and accounting work in the New Fourth Army, after 1978 served as vice-minister of finance, after 1982 as governor of the People's Bank of China, and after 1985 as auditor-general of the auditing administration.

New Cabinet Viewed 'Pragmatic,' 'Efficient'
OW121114 Beijing XINHUA in English 1043 GMT
12 Apr 88

["China's New Cabinet—A Pragmatic Governing Body"—XINHUA headline]

[Text] Beijing, April 12 (XINHUA senior writer Zongshu)—China's new government headed by premier Li Peng, which was approved by the National People's Congress today, is seen by local observers as a group of technocrats, who are younger in age, pragmatic and enthusiastic in the reform.

The average age of the 45 members of the new cabinet is 59.1. Three years younger than that of the previous cabinet. Thirty of them are aged between 50 and 60, and only two of them are over 70.

Another salient feature of the new cabinet is that its members are better educated and more professional. Forty of the 45 members are graduates of universities or colleges. Quite a few of them have long engaged in scientific research and administration. Some of them once studied in foreign countries and quite a few are chief engineers, research fellows or professors.

China is rejuvenating its leadership, making it professionally more competent as a measure to ensure the continuity of its current policies for reform and opening to the outside world. The new cabinet is a result of such efforts being made in the past ten years and is formed in line with the guideline set forth by the 13th National Congress of the Communist Party of China.

Another characteristic of the new government is that it has become simpler. It now has 41 ministries and commissions, five less than the previous government. At the same time, the size of the new cabinet has also been reduced by eleven members, including a vice-premier and two state councillors. The posts of nine important ministers are held concurrently by the premier, vice-premiers and state councillors.

Analysts believe that China's new government will be more efficient. This is of vital importance to China, a country with one billion people and with numerous problems in its reforms.

No Breakdown of NPC Voting Statistics Released
HK120745 Hong Kong HONGKONG STANDARD
in English 12 Apr 88 p 6

[Text] Beijing: China has stumbled in its hesitant pursuit of more open government by not publishing election results that would embarrass its leaders, diplomats said yesterday.

Delegates to the National People's Congress voted by secret ballot for the state president and other leading posts last Friday and Saturday but, to the surprise of diplomats, no break-down of the voting was released.

"The full results are not likely to be published," a congress spokesman said yesterday.

China's official media gave extensive publicity to the voting in what XINHUA described as the "most open and democratic" congress since the legislature was founded in 1954.

But Hong Kong newspapers did obtain the results from delegates, revealing that 124 of them voted against General Yang Shangkun's becoming president.

There were 2,725 votes in his favour and 34 abstentions.

Some delegates said they voted against him because they considered him too old for the job, at 81.

Mr Wang Zhen, who was elected vice president, had 212 votes cast against him, according to the WEN WEI PO a Hong Kong newspaper with close ties to Beijing.

"They will not release the exact figures," one Chinese source said. "They are afraid to show any sign of disunity. It is embarrassing for some people."

A Western diplomat said: "Not publishing the results goes against the tide of the congress which is much more open than previous sessions."

"It's a lot easier to vote against in a secret ballot than in a show of hands in a full session of the NPC when everyone's eyes are on you. This is the risk of introducing more democracy into the electoral process."

An Asian diplomat said he believed the authorities most wanted to hide the size of opposition to Mr Yang becoming president since it was well known he was a close friend of China's senior leader Mr Deng Xiaoping.

Mr Deng, 83, had 25 votes cast against him in his re-election as head of the State Central Military Commission.

Despite what they saw as this setback in the long road to some kind of democracy in China, diplomats said they were impressed delegates had voiced their opposition to government plans and that this was reported in the media.

"There were protests before but the public were not told," one delegate said.

But the Asian diplomat said China's reformist leaders were using the congress's open debate of such hot economic issues as inflation and unemployment as a step towards imposing unpopular measures on price reform and bankruptcy.

"It is a well-orchestrated process," he added.

The official CHINA DAILY welcomed the debate and the failure of almost all motions to be passed unanimously as in the past.

"What has now been achieved in this respect would have been utterly unthinkable 10 years ago, when China was merely recovering from the chaotic and lawless aftermath of the 1966-76 Cultural Revolution," it said in an editorial headlined "Burgeoning Democracy".

"The construction of democracy is a very complicated piece of work," the newspaper said. "Achievement up to now is still far from an overall success."

NPC Approves Constitutional Revision
OW120522 Beijing XINHUA in English 0432 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—The First Session of the Seventh National People's Congress (NPC) today approved an amendment to China's Constitution concerning private sector of the economy and the transfer of land use right.

The constitutional amendment reads:

— Article 1: Article 11 of the Constitution shall include a new paragraph which reads: "The state permits the private sector of the economy to exist and develop within the limits prescribed by law. The private sector of the economy is a complement to the socialist public economy. The state protects the lawful rights and interests of the private sector of the economy, and exercises guidance, supervision and control over the private sector of the economy."

— Article 2: The fourth paragraph of Article 10 of the Constitution, which provides that "no organization or individual may appropriate, buy, sell or lease land or otherwise engage in the transfer of land by unlawful means," shall be amended as: "No organization or individual may appropriate, buy, sell or otherwise engage in the transfer of land by unlawful means. The right to the use of land may be transferred according to law."

The above amendment was proposed by the Communist Party Central Committee and submitted to the session for approval by the Standing Committee of the Sixth National People's Congress. According to the Chinese Constitution, constitutional amendments must be approved by at least two-thirds of the NPC deputies.

In examining the proposed amendment, NPC deputies agree that the move embodies the theory of China being in the primary stage of socialism, conforms to the realities of China's reforms and open policy and facilitates the development of the productive forces.

Statistics show that at the end of 1987 China had 13.725 million private businesses valued at 23.6 billion yuan and employing more than 21.58 million people. Their annual turnover amounted to 103.8 billion yuan, of which retail sales came to 74.42 billion yuan, or 12.78 percent of the country's total volume of retail sales.

There are in China 115,000 private enterprises, each hiring at least eight laborers. Their employees number 1.847 million.

Transfer of land use right has appeared in many parts of the country with the progress in China's reforms and opening to the outside world.

Paper on Voting for President, Vice Chairmen
HK090341 Hong Kong HONGKONG STANDARD
in English 9 Apr 88 pp 1, 6

[From Yau Shing-mu on the Beijing China Desk]

[Text] Leading supporters of supreme leader Mr Deng Xiaoping were all elected yesterday to key positions by the National People's Congress, China's parliament.

They included two of Mr Deng's elderly Long March comrades, General Yang Shangkun and Mr Wang Zhen, who were elected President and Vice-President, respectively.

Although Gen Yang and Mr Wang both received a high number of "no" votes, the results of the elections—in which 2883 deputies cast ballots for top state leaders inside the Great Hall of the People yesterday morning—were seen by analysts as confirming Mr Deng's hold on power.

Gen Yang, 81, and Mr Wang, 80, received 212 and 124 votes of opposition, respectively, giving them the dubious distinction of being among the top six in terms of disapproval.

Some deputies said the election of a pair of ageing military men to the two largely ceremonial posts would be bad for China's image abroad.

The two were close comrades of Mr Deng during the historic Long March of the 1930s and during the Cultural Revolution.

Gen Yang is also a keen supporter of Mr Deng's modernization drive, particularly in defence.

Mr Deng himself was reelected to chair the State Central Military Commission, by virtue of his leadership of the party's Central Military Commission.

But even he was opposed by 25 votes and eight abstentions.

Another faithful follower of Mr Deng, 71-year-old tennis enthusiast Mr Wan Li was chosen to lead the NPC, which by Constitution is the highest authority of the state.

With liberal Mr Wan at the helm, the council is expected to be invigorated in a way that gradually restores its functions and removes its "rubber stamp" image.

Among the four leaders, Mr Wang has the least power.

Mr Deng is still commanding the three-million-strong army; while Gen Yang and Mr Wan are members of the party's power core, the Politburo.

This could be due to Mr Wang's key role in launching the anti-bourgeois liberalism campaign last year that led to the downfall of then General Secretary Hu Yaobang.

Apart from the four key posts, the candidates for another 20 offices, including 19 vice-chairmen and a secretary-general, had already been fixed in consultation with minor political parties, so the elections were just a formality to endorse the Communist Party's choice.

As a result all office-bearers were elected by a lopsided majority of votes. The opposition votes obtained, however small in number by each leader, reflect a certain degree of their unpopularity among the deputies.

Those whom the deputies disfavoured most were elderly, like Mr Zhou Gucheng and Mr Yan Jici, or seen as having performed unsatisfactorily, such as Madam Chen Muhua, former president of the People's Bank of China, and Mr Ni Zhifu, unionist and former member of the Politburo.

Three deputies from Hong Kong and Macao were elected to the NPC's 135-member Standing Committee. Of the three, Mr Ma Man-kei, the chairman of the Chinese General Chamber of Commerce of Macao, got the most votes—2850—while Mr Xu Jiatun, director of the XINHUA NEWS AGENCY's Hong Kong branch, scored least, with 2700 votes.

Mr Henry Fok, chairman of the Hong Kong Chinese General Chamber of Commerce got 2790.

The executive president of yesterday's election, Mr Song Ping, reminded successful candidates that China's Constitution required those still holding government jobs to give them up.

But that will apparently not apply to China's No 1 man in Hong Kong, Mr Xu, who is expected to stay on as head of the XINHUA branch here.

A senior Chinese official in charge of Hong Kong affairs, Mr Li Hou, said yesterday the uniqueness of the branch had to be taken into account. He said the post was a "public service" not an "administrative" one under the State Council.

As there were 144 candidates contesting 135 seats in the NPC Standing Committee, nine were eliminated.

Of the losers, seven are communists around the age of 75. They are largely middle rank cadres or military officers with mediocre track records, some deputies said.

However, some outstanding leftists, like the former editor-in-chief of RED FLAG Journal and a deputy head of the party's Propaganda Department, Mr He Jingshi, were elected.

The NPC Standing Committee comprises people from the Communist Party, various non-communist parties and the All-China Federation of Industry and Commerce, and people with no party affiliation.

Among the members, 15 are from 14 minority nationalities in China, two more than the number for the previous term.

It was the first time secret balloting had been employed to elect the NPC office-bearers and top state leaders.

It was also the first time that voting had been in public and covered by both foreign and Chinese press.

How The Vice-Chairmen Fared
Number of respective votes that the NPC
Standing Committee vice-chairmen received

Name	Age	Oppose	Abstain	Approve
Chen Muhua	67	313	45	2525
Wei Guoqing	74	206	24	2653
Yan Jici	87	200	45	2638
Zhou Guceng	89	164	96	2323
Ni Zhifu	55	119	24	2740
Chu Xuefan	83	95	15	2773
Lei Jieqiong	82	93	26	2764
Ye Fei	74	88	9	2786
Ulanhu	81	79	16	2788
Xi Zhongxun	74	46	8	2829
Wang Hanbin	62	44	8	2831
Fei Xiaotong	77	40	7	2836
The Panchen Lama	50	31	6	2846
Sun Qimeng	77	26	9	2848
Seypidin Aze	73	24	7	2852
Liao Hansheng	76	22	3	2858
Ngapoi Ngawang Jigme	77	19	8	2856
Rong Yiren	72	15	3	2865
Peng Chong	73	14	3	2866

Notes: The total number of voters were 2883.

Number of respective votes the Chinese leaders received from the 2,883 NPC delegates.

Name	Age	How The Leaders Fared			
		Post	Oppose	Abstain	Approve
Deng Xiaoping	84	Chairman of the Central Military Commission of State	25	8	2850
Wan Li	71	Chairman of the National People's Congress	64	11	2808
Yang Shangkun	81	President	124	34	2725
Wang Zhen	80	Vice-president	212	77	2594

Law Committee Chairman Reports on Draft Laws
OW120156 Beijing XINHUA Domestic Service
in Chinese 1233 GMT 9 Apr 88

[Excerpts] Beijing, 9 Apr (XINHUA)—Addressing a meeting of the Presidium of the First Session of the Seventh NPC this afternoon, Wang Hanbin, chairman of the NPC Law Committee, said that the committee holds that the revised versions of the draft of the PRC Law on Industrial Enterprises Owned by the Whole People and the draft of the PRC Law Governing Sino-Foreign Cooperative Enterprises are practical.

Wang Hanbin said: Deputies to the current NPC session examined carefully the two laws from 31 March to 5 April. They presented many good suggestions. [passage omitted] The deputies maintain that the two draft laws are basically well thought-out. They recommended that they be adopted and promulgated after revision.

He said: The law committee held meetings on 4 and 5 April to examine the two draft laws article by article. [passage omitted] It revised some articles, and later this was reported and discussed at a meeting of the executive members of Presidium.

1. Proposals for revising the "PRC Law Governing Industrial Enterprises Owned by the Whole People (Draft)":

Article 45 of the draft stipulates: "In an enterprise the director is the central figure. He assumes overall responsibility in the enterprise." "The director assumes leadership over the production, operation, management, and the building of spiritual civilization of an enterprise." Some deputies noted that the enterprise director should be responsible for the building of a spiritual civilization in his enterprise, but as this involves a wide range of things, it will be difficult for the director to assume sole leadership over this matter. Besides, this will prevent the director from devoting his energy to production and management work. Therefore, the deputies proposed that the above provisions be revised to "In an enterprise the director is the central figure. He assumes overall responsibility for the building of material and spiritual civilizations in his enterprise."

Article 56 of the draft stipulates: Relevant government departments "manage and supervise enterprises by employing economic, legal, and necessary administrative

means." Some deputies maintained that relevant government departments should manage and supervise enterprises in accordance with laws and regulations, and that the inclusion of "necessary administrative means" leaves an excuse for the departments to interfere with the production and management of enterprises at will. Therefore, the deputies proposed that the above provision be revised to relevant government departments "manage and supervise enterprises in accordance with the provisions prescribed by laws and regulations." Section 3, Article 44 of the draft stipulates that "plant directors appointed or hired by the government department in charge shall be dismissed by that department itself." Some deputies suggested that in dismissing a plant director, the government department in charge should also seek the opinion of staff members and workers of the plant. Therefore, the deputies proposed that the above provision be revised to "after seeking the opinion of the representatives of staff members and workers, the government department in charge may dismiss the plant directors it has appointed or hired."

Paragraph 2, Article 19 of the draft stipulates that "enterprises shall be dissolved by the decision of the government departments in charge." Some deputies suggested that enterprises may be dissolved by government departments according to laws and regulations and that they may not be dissolved at will. Therefore, the deputies proposed that the provision be revised to "dissolved by the decision of the government departments in charge according to the provisions prescribed by laws and regulations."

Some deputies suggested that the clause on strengthening national defense education should be added to the enterprise law. Therefore, they proposed that Article 42 of the draft be revised to "Enterprises should strengthen ideological-political education, legal knowledge education, national defense education, scientific and cultural education, and technical and professional training to raise the quality of their staff members and workers."

Article 67 of the draft stipulates that "the State Council's departments in charge of enterprises shall formulate regulations governing the implementation of this law and enforce them after the regulations are approved by the State Council." Some deputies suggested that the enterprise law is an important law. Therefore, regulations for the implementation of this law should be

formulated by the State Council. Therefore, the deputies proposed that the above article be revised to read "the State Council shall draw up implementation regulations based on this law."

Some deputies suggested that national autonomous areas should be allowed to formulate flexible regulations based on this law. Therefore, the deputies proposed that the following provision be added to the law: "The standing committees of the people's congresses of the autonomous regions may draw up implementation procedures based on this law and the 'PRC Law on National Regional Autonomy' and in light of specific local conditions. They shall report the procedures to the NPC Standing Committee for the record."

2. Proposals for revising the "PRC Law Governing Sino-Foreign Cooperative Enterprises (Draft)":

Article 5 of the draft stipulates that "in applying for the establishment of a cooperative enterprise, documents such as agreements, contracts, and articles of association concluded by Chinese and foreign partners should be submitted to the State Council's departments in charge of foreign economic relations and trade or to the institutions authorized by the State Council (hereafter referred to as examination and approval organs) for examination and approval. Upon receiving an application, an examination and approval organ must decide whether to approve or not to approve the application within 60 days." Some deputies suggested that it should be clearly stipulated that the institutions authorized by the State Council include local governments, and that the examination and approval period should be shortened. Therefore, the deputies proposed that the above article be revised to "in applying for the establishment of a cooperative enterprise, documents such as agreements, contracts, and articles of association concluded by Chinese and foreign partners should be submitted to the State Council's departments in charge of foreign economic relations and trade or to the departments and local governments authorized by the State Council (hereafter referred to as examination and approval organs) for examination and approval. An examination and approval organ must decide whether to approve or not to approve the application within 45 days upon receiving the application."

Article 7 of the draft stipulates that "should Chinese and foreign partners agree, after consultation, to modify the cooperative enterprise contract within the time limit of cooperation, they must submit a report to an examination and approval organ for approval according to regulations; where the modification involves industrial and commercial registration and taxation registration required by law, they must process the change of registration with an industrial and commercial administration and a taxation office." Some deputies suggested that if the modification of a cooperative enterprise contract is not a major one, there is no need to report all cases to an

examination and approval organs. Therefore, the deputies proposed that the above article be revised to read "should Chinese and foreign partners agree, after consultation, to make a major modification of the cooperative enterprise contract, they must submit a report to an examination and approval organ for approval; where the modification involves industrial and commercial registration and taxation registration required by law, they must process the change of registration with an industrial and commercial administration and a taxation office."

Section 2, Article 12 of the draft stipulates that "if a cooperative enterprise, after being established, is entrusted to be run and managed by a third party, unanimous endorsement must be obtained from the enterprise's board of directors or joint management. The change must be reported to an examination and approval organ for the record, and the change of registration must be processed at an industrial and commercial administration." Some deputies maintained that after a cooperative enterprise is established, the operation and management of it by a third party other than the enterprise's Chinese and foreign partners involves a major modification of the cooperative enterprise contract. The change must be reported to an examination and approval organ for approval. Therefore, the deputies proposed that Section 2 of the article be revised to read "if a cooperative enterprise, after being established, is entrusted to be run and managed by a third party other than the enterprise's Chinese and foreign partners, unanimous endorsement must be obtained from the enterprise's board of directors or joint management. The change must be reported to an examination and approval organ for approval, and the change of registration must be processed at an industrial and commercial administration."

Article 15 of the draft stipulates that "cooperative enterprises must establish their account books within the territory of China, submit accounting statements and reports according to regulations, and accept supervision by financial and taxation offices." Some deputies suggested that measures should be worked out for dealing with cooperative enterprises that refuse to establish accounting books within the territory of China. Therefore, the deputies proposed that the following should be added to the above article as its Section 2: "If cooperative enterprises violate Section 1 by refusing to establish their accounting books within the territory of China, financial and taxation offices are authorized to fine them, and industrial and commercial administrations are authorized to suspend their operations or recall their business licenses."

[Passage omitted] Wang Hanbin said: The law committee has revised the two draft laws in accordance with the mentioned proposals and suggests that after they are examined by the Presidium, the two draft laws be submitted to the NPC session for examination and approval.

Hong Kong Paper Traces Formation of Reform Plan
HK111346 Hong Kong TA KUNG PO in Chinese
7 Apr 88 p 2

[Special dispatch by TA KUNG PAO correspondent Yeh Chung-min (0673 0022 2404): "From a Five Person Group to Seven Special Topic Groups—How the State Council's Structural Reform Plan Came Into Being"]

[Text] The "State Council's Structural Reform Plan" was introduced to the Third Session of the Seventh NPC on 28 March and submitted to the delegates for deliberation.

Structural Reform—A Breakthrough [subhead]

While discussing the issue in Part 5 of his Government Work Report, Acting Premier Li Peng pointed out: "The reform of government working organs constitutes an important component part of political structural reform. It will be one of the central tasks of the new government." With the further development of economic structural reform, the work of government organs no longer meets the needs of the situation. Unless we put an end to the defects of overlapping organs, bureaucratic work style, the ill-defined limits of functions and powers, and the dilatory way of doing things, they will inevitably become tremendous obstacles to the deepening of economic structural reform. For this reason, structural reform should be the first step taken in making a breakthrough in the grand project of overall political structural reform.

Regarding the major event of political structural reform which includes reform of government organs, the central authorities have adopted a prudent and resolute attitude. The plan has been introduced to the current NPC after repeated study and deliberations over the past 18 months or so. While making explanations of the plan at the session, State Councillor Song Ping gave a brief account of the situation since the "Political Structural Reform Deliberation Group" was established by the central authorities in September 1986.

As a matter of fact, the question of political structural reform was raised earlier. The Chinese Academy of Social Sciences deliberated the question as early as in April 1985. Following Deng Xiaoping's instruction given in June that political structural reform is far more complicated than economic structural reform and that a period of one year or so would be required to study the issue, the central party school held its first theoretical symposium on political structural reform in July. Prior to that, discussions on political structural reform repeatedly appeared in nongovernmental periodicals.

The "Central Political Structural Reform Deliberation Group" mentioned by Song Ping was officially set up in September 1986. The group was composed of five members including Zhao Ziyang, Hu Qili, Tian Jiyun, Bo Yibo, and Peng Chong. The group also had an office

composed of members including Bao Tong, Zhao Ziyang's secretary; Zhou Jie, deputy director of the CPC Central Committee's General Office; Yan Jiaqi, director of the Political Science Institute of the Chinese Academy of Social Sciences; and He Guanghui, vice minister of the State Commission for Restructuring Economic System (who also served as secretary to Li Fuchun and Bo Yibo in the past). After preliminary studies lasting over a month, the office gave a brief account of the results to the 5-member group and proposed setting up seven special topic groups to further study the issue. With the approval of the 5-member group, the seven groups were set up one after another in November. The seven special topics included: 1) Separation of party from government functions; 2) inner-party democracy and party organizations; 3) delegation of powers and structural reform; 4) cadre and personnel system; 5) socialist democracy; 6) socialist legal system; and 7) basic principles for political structural reform.

When the "5-member group and seven special topic groups" were carrying out their work, the struggle against bourgeois liberalization broke out in January 1987. Consequently, Deng Liqun, Hu Qiaomu, and Gao Yang joined the meetings and work of the 5-member group as "visitors."

The Proposals Made by Seven Special Topic Groups [subhead]

After studies conducted over 5 months the seven special topic groups submitted a report in April 1987. In addition, the "Structural Reform Group" under He Guanghui made the following proposals: 1. Sum up the experience of structural reform and find out the current problems including the status quo and number of people in all the ministries and commissions; 2. The target, priorities, and steps taken in reform; and 3. Feasible measures to be adopted in the near future.

The 5-member group including Zhao Ziyang and Tian Jiyun paid great attention to the report submitted by the "Structural Reform Group" and decided to carry out a real, profound structural reform by earnestly making a year's preparations so that the reform plan could be introduced to the Seventh NPC held in March this year and new leading bodies, organs, and work style established.

Work at the Second Stage [subhead]

After the specific instructions of Zhao Ziyang and Tian Jiyun, the "Structural Reform Group" started the second stage of its work in May 1987 and spent around 6 months holding discussions one by one with the 72 ministries and commissions under the State Council and the 38 departments under the CPC Central Committee to gain a comprehensive, meticulous, and profound understanding of the work of all organs including the current organizational structure, average age of personnel, posts and education level, main functions and tasks,

and overlapping offices. After investigations conducted at this stage, the "Structural Reform Group" submitted the findings to the 5-member group and the central authorities and offered the following reports: 1. Tentative idea on reform of the State Council organs; 2. Tentative idea on reform of the CPC Central Committee's working departments; and 3. Tentative idea on the building of trade associations. Hence, the work of structural reform as a whole entered the practical stage from theoretical research.

To further carry out work in earnest, the central authorities decided to disband the 5-member group since its mission was basically completed and to set up a "Leading Group for Reform of Central Organs" with Li Peng as head and Song Ping, Wen Jiabao, Chen Junsheng, Zhao Dongyuan, and He Guanghui as members. The group had an office under the leadership of He Guanghui which was responsible for drafting the reform plan and submitting it to the Seventh NPC for deliberation. By late December 1987 the name of the "Leading Group" was officially changed to "Structural Reform Office under the State Council." So this is how the State Council's reform plan came into being. We can also see the serious, prudent, profound, and meticulous extent of the work conducted in this regard.

Placed on the Agenda Separately [subhead]

In China it is an extremely arduous and complicated task to reform the government organs because the functions between the party and government and those between the government and enterprises which were not separated and clearly defined in the past caused confusion and various malpractices. Indeed, it is no easy job to draw a clear line of distinction between the party and government, define their functions, and ensure efficiency overnight. However, unless this step is taken, the deepening of economic structural reform will be hindered and it will be impossible to introduce political structural reform. For this reason, the central authorities carried out work in this regard with great determination. Moreover, the organs of the State Council took the lead in promoting structural reform as a whole. As Li Peng and Song Ping stressed respectively in their "Government Work Report" and "Explanations on the Reform Plan," the purpose of the current structural reform is to readjust the improper relationship, effect a change of functions, reduce staff, increase efficiency and vitality, and overcome bureaucracy. It is expected that effective results will be achieved within 5 years and that the long-term target of a modern administrative management system with Chinese characteristics will be attained in the long run.

At the NPC panel meetings held over the past few days, there were heated discussions on the "State Council's Structural Reform Plan." The delegates made a number of proposals and particularly expressed their views on the newly established, disbanded, or merged organs. The views varied and some delegates believed that the reform

steps were not big enough. To attentively listen to the views of delegates and prudently deal with the issue, the Presidium decided to place the "State Council's Structural Reform Plan" on the agenda at the 8 March session to be voted on separately so as to attain better results.

Li Xiannian Meets Hubei NPC Deputies

OW112132 Beijing XINHUA in English 1619 GMT
11 Apr 88

[Text] Beijing April 11 (XINHUA)—Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference, today discussed matters concerning agriculture, education and party conduct with deputies to the current session of the National People's Congress from his native province of Hubei.

On the development of agriculture, he stressed the need to improve soil, saying that vigorous efforts must be made to spread agrotechnics, and to prevent and control harmful insects and crop diseases.

According to Li, ineffective control of harmful insects has led to a loss of millions of tons of grain annually over the past few years.

"Education is the basis for building China. To raise the national education level, we must start education right from children," he said.

Li Xiannian urged leaderships at all levels to take the lead in respecting knowledge and intellectuals.

On party conduct, he emphasized: "Bad party conduct will certainly lead to bad social mood."

"We ought to encourage everyone to be honest, to speak truth and do honest things," he said.

Tibetan NPC Deputies View Provincial Situation

HK120045 Beijing RENMIN RIBAO in Chinese
5 Apr 88 p 3

[Dispatch From Beijing on 4 April by reporters Lu Xiaofei (4151 1420 7378) and Su Ning (5685 1337): "Ngapoi and Banqen Answer Reporters' Questions on Tibet"]

[Text] After a light fall of snow, Beijing in early spring, after suddenly getting warmer, turned cold again. This constituted a sharp contrast with the lively atmosphere of the news conference held this morning in the Tibetan Hall of the Great Hall of the People.

The current news conference in which Ngapoi Ngawang Jigme and Banqen Erdini Qogyi Gyancan, delegates to the Seventh NPC and vice chairmen of the Standing Committee of the Sixth NPC, played the lead is the most eye-catching news conference ever given by the current sessions of the Seventh NPC and Seventh CPPCC

National Congress. Immediately after 0800 hours, Chinese and foreign journalists arrived at the site one after another, 1 hour head of schedule so as to occupy a good seat. After 0900 hours, the Tibetan Hall with nearly 400 seats was fully occupied and some people had to stand in the aisles on both sides.

At 0928 hours, accompanied by NPC Spokesman Zeng Tao, Vice Chairmen Ngapoi and Banqen entered the conference site. Immediately, dozens of press photographers and television cameramen swarmed forward to them so that Zeng Tao had to make a temporary announcement that several minutes were left for a photo session.

The Direct Victims of Unrest and Riot Are the Tibetan People Themselves—They Are Firmly Opposed to Unrest and Long For Tranquility and Happiness [sub-head]

At 0932 hours, Vice Chairman Ngapoi Agawang Jigme, concurrently chairman of the Standing Committee of the Tibet Autonomous Regional People's Congress, was the first to speak. This old man, at the age of 77, spoke in Tibetan. He said: Following the disturbances created by a few separatists in September and October of last year and in March of this year, the urban area of Lhasa, capital of the Tibetan Autonomous Region, many people at home and abroad want to know the real situation in Tibet. The main thing they are generally concerned about is whether the situation is stable and good in Tibet. Our answer to this is affirmative. Overall, the situation in Tibet is stable. However, there are also some elements of instability. When we say that the situation there is stable, we mean that the peasants and herdsmen, who account for over 95 percent of the population in Tibet, greatly value their hard-won happy life and the stability and unity. They are opposed to any action aimed at splitting the motherland, undermining nationality solidarity, creating disorder, and sabotaging social order. From their own experience, they have drawn the conclusion that only by uniting with the big family of the united motherland and relying on the vigorous support from the state and the mutual help and assistance from the fraternal nationalities can Tibet achieve development and progress and aim toward prosperity. Only in this way can the Tibetan nationality enjoy a bright future and the Tibetan people enjoy a happy life. The fact that the number of the rioters in the several incidents only accounted for 0.5 percent of the total population in Tibet and that the unrest was confined to a very small place in Lhasa shows that the situation in Tibet is stable and good. The consequences of the riot serves as a negative lesson for the people there. The broad masses of people have seen with their own eyes that the riot contravened the fundamental interests of the Tibetan people and that the direct victims of each incident of disturbance were the Tibetan people themselves. As a result, the Tibetan people hate any occurrence of this kind very much. On the other hand, there are also a lot of problems in Tibet and many things are not satisfactory.

Externally, the Incidents of Disturbance in Lhasa Were Plotted by Separatists at Home and Abroad in Collusion With One Another, and Internally, They Were the Result of the Destabilizing Factors Formed by the Bitter Sufferings Under "Leftist" Practices [sub-head]

When Vice Chairman Ngapoi announced that they would begin answering questions, before the English version of his remarks was finished, tens of journalists there raised their hands simultaneously, trying to be the first to raise questions. Finally, it turned out that a XINHUA Tibetan reporter who sat in the front row on the right side "beat others to the goal." He asked in Tibetan the two vice chairmen: What measures can be taken to ensure long-term social order and stability in Tibet?

Vice Chairman Banqen said in reply: In September and October of last year and in March of this year, several disturbances took place in Lhasa, capital of Tibet and these have been strongly opposed by the people in Tibet as well as the people of all nationalities throughout the country. Why did such disturbance take place in Tibet? There are both external and internal causes. The external cause is that separatists at home and abroad colluded with one another to plot and instigate these incidents of disturbance. The internal cause is that there had been an erroneous "leftist" tendency in our work over a long period of time. As a result, people suffered ideologically, spiritually, and materially, which has become a destabilizing factor. This gave a small number of separatists at home and abroad an opportunity to plot and instigate such incidents of disturbance. To achieve long-term social order and stability in Tibet, we should work hard in two aspects: First, we should resolutely and persistently oppose separatism and disturbances and thoroughly expose the crimes of a small number of separatists in dividing the motherland and undermining nationality solidarity in order to educate people and raise their political consciousness. Second, we should thoroughly overcome the erroneous "leftist" tendency and improve our work. Not long ago I said in Lhasa: To improve our work in Tibet, we must make efforts in three areas: First, it is necessary to make the regional autonomy of minority nationalities a success in order to exercise such autonomy in reality as well as in name; second, vigorous efforts should be made to heal the wounds caused by "leftist" policies and practices in the past—to conscientiously implement policies in various fields; and third, vigorous efforts should be made to bring about economic and cultural developments in Tibet and to continuously improve the living standards of the people. In this way it will be possible to make progress and achieve prosperity in Tibet step by step. When we do our work well in these three areas, the question of long-term order and stability in Tibet will be solved once and for all.

Immediately after that, a reporter from the Television Broadcasts Limited Television Station in Hong Kong raised a question: There are still "leftist" mistakes in

Tibet's work. Does this mean that the Tibetan people are oppressed in their livelihood and that they have no freedom of religious belief?

Banqen replied: China's Constitution stipulates that all nationalities in our country are entirely equal and citizens enjoy freedom of religious belief. Since the 3d Plenary Session of the 11th CPC Central Committee, all-out efforts have been made in Tibet to eliminate chaos, restore order, and to overcome the various problems caused by the erroneous "leftist" trend. We have done a great deal of work and achieved considerable results in this regard. However, the development of this work has not been even. Since many cadres in Tibet have grown up in a "leftist" environment, the "leftist" ideology is deeply rooted in their minds and cannot be changed overnight. Because of this, the correct guidelines contained in the instructions of the central authorities on eliminating chaos and restoring order and implementing the policies cannot be carried out promptly due to the obstacles of their "leftist" ideology. As a matter of fact, this accounts for only a small part of the state affairs. This can be likened to our two hands. Our hands have 10 fingers: some of them are longer and the others shorter.

At this point, Banqen pushed his left hand forward forcefully, hinting at his meaning.

He went on to say: This is why the progress made by different localities and departments in overcoming "leftist" influence, eliminating chaos, and restoring order differs.

But in no way should we overlook these problems, even though they are merely local in nature. We must make continued efforts to overcome them. Our regional autonomy system of minority nationalities is currently not perfect. Continued efforts should be made toward perfection. As regards freedom of religious belief, we have opened many monasteries and we respect and protect the freedom of religious belief enjoyed by the masses. At the same time, we should make more efforts to implement the policies. There is still a great deal of work to be done.

The 5 March Incident of Disturbance was Initiated by 100 Lamas or More, Leaving Five Dead and Some 330 Injured, Including Armed Police Soldiers and Public Security Cadres and Men [subhead]

A reporter from the Colombia Broadcasting System of the United States asked: In the last several disturbances, how many people participated? How many people were arrested? How many people were later released? How many people were killed? How many people were injured? How many people were executed?

Vice Chairman Banqen said: Disturbances occurred in a small area of Lhasa on 27 September and 1 October last year and on 5 March this year. The first disturbance was initiated by a very small number of lamas, followed by

some 1,000 to 2,000 people. At that time, these few lamas were detained for interrogation. The situation was rather serious after the start of the 1 October incident of disturbance. The rioters set fire to a police station—our organ of public security—burned motor vehicles, and beat up and injured many people. At that time, we detained a number of those who created the disturbance. Some of them were released soon after interrogation. Later, on behalf of the central authorities, I went there to deal with these incidents. When I arrived there, 74 people were still being detained for further interrogation. As a result of our work, 59 of them were released. In other words, all lamas directly involved in the disturbance were released, that is, they were given lenient treatment. All masses directly involved in the disturbance also received lenient treatment. Only 15 people are left unreleased. They consist of those who committed the serious crimes of beating, smashing, looting, and burning, and one or two lamas who did not directly participate in the disturbance but were members of an underground organization and carried out secret undermining activities. I made report to the central authorities upon my return to Beijing, suggesting that lenient treatment also be given to some of the 15 people detained. If the riot that took place on 5 March this year had not occurred, then the lenient treatment would have been given to some of those 15 detainees. The incident of disturbance on 5 March this year was initiated by a little more than 100 lamas at first and then was followed by the local people. At the peak, the number of the people who took part in the riot reached several thousands and a large number of people were only spectators. The maximum estimate was around 10,000 people. Four people were killed on the site of the riot: One of them was our armed police soldier who was seriously beaten up by the rioters and then pushed from a high window in a building; a lama was beaten to death by stones that were thrown by the rioters; and two people were hit and killed when, in self-defense, our public security officers and policemen fired several shots into the air as a warning. In addition, one person was wounded in the riot and he was sent to a hospital and died there after all rescue measures proved ineffectual. Altogether, more than 300 armed police soldiers and public security cadres and men were wounded during the riot and more than 110 rioters or spectators who were wounded with stones were sent to the hospital for medical treatment. Of course, there might be some people who were slightly wounded and did not go to the hospital to seek medical treatment. After the incident, we detained more than 200 people for interrogation. This is just detention, not imprisonment. After interrogation, most of those people who committed relatively slight crimes will be given lenient treatment. Only 3 of the 15 people who were not given lenient treatment last year were officially arrested.

In the 5 March Incident, Some of Our Leaders Were Surrounded by Rioters and to Rescue These Leaders, Police Used Clubs [subhead]

An Italian ANSA Reporter asked: A lot of lamas told me that some of them were tortured or beaten by policemen and some of them were lethally poisoned by doctors. Can you deny this?

Banqen replied: The incident that took place on 5 March this year developed into a rather serious one. Some of our leaders were surrounded by rioters and their lives were in great danger. In that situation, police beat rioters with clubs in order to rescue the surrounded leaders and indeed beat them very seriously. Many policemen were stoned and injured while trying to rescue the surrounded leaders. Under these circumstances, the police were so angry that they beat lamas severely whenever they caught them. However, it has been said that some lamas were lethally poisoned. There was no such occurrence and this is a pure fabrication. If a lama said something like this, he is not qualified to be called a lama, because he is violating the religious commandment against lying.

Then a JIEFANGJUN BAO female reporter asked: Has the person who murdered our armed police soldier Yuan Shisheng in the 5 March riot in Lhasa been arrested? If so, how will he be punished according to law?

In reply to this, Vice Chairman Ngapoi said: The situation is not clear as to how many rioters were on the scene where Yuan Shisheng was beaten to death. Several people have been arrested and they are under investigation. When someone is proved to be the murderer of Yuan Shisheng, he will be punished according to law.

Another Hong Kong reporter stood up and went on making a detailed inquiry about the issue of cadre discussed above by Banqen. He asked: Have those cadres who have been influenced by "leftist" ideas been dismissed or transferred from Tibet?

Banqen said: The "leftist" way of thinking is found among a large number of cadres of both the Han and Tibetan nationalities and both high-ranking and ordinary cadres. Therefore, our principal way of dealing with them is to raise their consciousness through education and help them eliminate "leftist" ideas. In the past, we have dealt with very few people who have stubbornly stuck to the "leftist" ideology and refused to mend their ways and will continue to do so, including transferring them to the interior in the days ahead. But when you deal with a large number of cadres, the only way is to help them deepen their understanding and overcome "leftist" ideas.

The Dalai Lama Has Something to do With the Several Riots in Lhasa—the 5-Point Principle of the Central Authority Toward the Dalai Lama Remains Unchanged [subhead]

A WASHINGTON POST reporter asked Banqen questions about the Dalai Lama: Do you accuse the Dalai Lama of having anything to do with the most recent riots? What is your attitude toward the Dalai Lama?

Under what condition would the central government allow the Dalai Lama to return to China or to Tibet? Would he be required to reside in Beijing or would he be allowed to reside in Tibet?

Smiling, the 50-year-old Living Buddha said: You yourself need only look at the facts to know the relationship between the Dalai Lama and the riots that took place in Lhasa. In September last year the Dalai Lama made a speech to the Human Rights Subcommittee of the House of the Representatives of the United States of America in which he raised a 5-point proposal on the Tibetan question. And not long after that, the splittists in Tibet declared support for the Dalai Lama's 5-point proposal and they then instigated one riot after another in Lhasa. This is something on the surface and today I am not going to go into detail about what the splittists did behind the scenes and underground. I just want to tell you the facts concerning the connection between the Dalai Lama's activities and the riots. It is very improper for the Dalai Lama to continue to do irresponsible things to his own nation and religion.

As far as our personal relations are concerned, as I have repeatedly said before, we have been good religious friends and our friendship as religious friends has never changed (when referring to "the Dalai Lama," this religious leader addressed the Living Buddha with the most honorable title in Tibetan).

Banqen went on to say: The central authorities have expounded in explicit terms that the 5-point policy toward the Dalai Lama remains unchanged. What are the conditions for the Dalai Lama's return to China or to Tibet? There is only one condition and that is that he give up the idea of Tibetan independence, acknowledge that Tibet is part of China's territory, and join all other fraternal nationalities in safeguarding the unification of the motherland, strengthening nationality solidarity, and building a socialist China and a socialist Tibet. With regard to his political position after returning to the motherland on this condition, the central authorities have made it very clear that he will be a vice chairman of the Standing Committee of the NPC. As to where he will live, according to the Chinese Constitution, a Chinese citizen enjoys the freedom to choose where he will live, whether in Tibet or Beijing. However, the aforementioned conditions are the essential conditions. If the Dalai Lama accepts these conditions where he lives now and continues to engage in splittist activities when he comes back to China, we will not tolerate that. As such, if he still insists on Tibetan independence and still attempts to split the motherland, then all this is out of the question, and negotiations, devoid of a sound foundation, are useless.

Banqen Said: Because I Made a Criticism Against the Central Authorities, I Was Criticized in 1964 and Stigmatized With Three Labels. Tomorrow an Official Decision Will be Made on my Rehabilitation [subhead]

Finally, a ZHONGGUO XINWEN SHE reporter asked: When you went to Tibet this February, you did a great deal of work in implementing the policies and solving problems left over by the "Great Cultural Revolution." Do you have yourself anything that needs to be corrected?

Many people laughed and so did the Panchen Lama himself. He said: It is a quite marvellous coincidence that you should ask this question because tomorrow the NPC Presidium will make an official announcement to redress my case (another outburst of laughter). Why? Because I was criticized in 1964 and stigmatized with three labels that have not been taken away up to this day. Tomorrow a central decision will be officially announced on my rehabilitation. The history of my personal development is closely linked with the history of the revolution in Tibet. The Dalai Lama fled the country in 1959. At that time, I firmly upheld the banner of patriotism and did not flee. It was I who officially asked the central authorities to launch a democratic reform in Tibet and the central authorities accepted my proposal. Soon after than I was appointed acting chairman of a preparatory committee for setting up the Tibet Autonomous Region (the former chairman was the Dalai Lama). During the democratic reform, there were many "leftist" practices not on conformity with the actual local conditions in Tibet. I had continuously made many suggestions to the central authorities. Some of my suggestions were accepted by the central authorities to gradually correct the wrongs in the reform. I have always been a frank and outspoken person. I speak what is on my mind. This is why I was criticized (laughter). In Tibet as well as in the areas inhabited by people of Tibetan nationality in Qinghai, Gansu, Sichuan, and Yunnan many problems had cropped up in the course of the democratic reform. I wrote a lengthy report reflecting this situation to the central authorities. The whole report was more than 70,000 Han characters long after being translated into the Han language, and it is known as the "70,000-Character Report." Some of the words in the report were somewhat sharp and gave offense. At that time, after reading the report Chairman Mao was not happy about it.

Later, the 10th Plenary Session of the 8th CPC Central Committee was held in Beidaihe in August 1962. At that session, the guiding principle of "never forget class struggle" was put forward and then I myself became a target of class struggle (he laughed himself). At the very beginning, I was subject to internal criticism and education. Due to the fact that I still firmly adhered to my views and believed that many of the situations I mentioned in my 70,000-character report were true and that my views were correct, I refused to accept the internal criticism and education. In 1964 I was openly criticized and struggled. I was toppled because of that. During the "Great Cultural Revolution," I was imprisoned for 9 years and 8 months. After the downfall of the Gang of Four, I was unable to come out right away basically because at that time someone was adhering to the "two

whatevers policy." My case was personally handled by Chairman Mao. "Cases handled by Chairman Mao could not be reversed." Therefore, I was unable to get out of jail. Later, I was released. Mr Deng Xiaoping played a very important role in getting me out. It was chiefly with Mr Zhou Enlai's gratitude that I did not die in prison and was able to stay alive. After I got out, I was made a Standing Committee member and later vice chairman of the CPPCC National Committee, and then elected a vice chairman [of the NPC Standing Committee]. Therefore, I came back in somewhat of a step-by-step manner (an outburst of laughter).

Finally, Banqen said: As I see it, the central leadership is bold and resolute and farsighted in handling problems. Otherwise, if I still had those three counterrevolutionary labels on my hat while working as the NPC Standing Committee Vice Chairman, it would not create a good image, would it? (This set off laughter throughout the hall.)

Immediately after Zeng Tao finished announcing that "The press conference is now over," the journalists sitting in the front row and standing on the corridors once again swarmed forward to Banqen, asking him for more answers. In a very friendly manner, Banqen answered their last question. He said: The three labels are opposing the people, opposing socialism, and harboring a design of rebellion.

CPPCC Standing Committee Holds First Plenum
OW121316 Beijing XINHUA in English 1309 GMT
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—The Standing Committee of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) held its first plenary meeting here today.

The meeting decided to set up 13 special committees under the CPPCC National Committee, approved two additional members to the national committee and appointed 11 deputy secretary-generals.

The 13 special committees will serve as permanent working organs for CPPCC members when the National Committee is not in session. The committees are respectively for handling proposals, study, cultural and historical data, economy, education, science and culture, health, medicine and sports, law, nationalities, religion, women and youth, overseas Chinese, reunification of the motherland and foreign affairs.

The two members added to the CPPCC National Committee are 84-year-old painter Dong Shouping and 77-year-old Yang Zhilin, former chairman of the Gansu Provincial Committee of the CPPCC.

The 11 deputy secretary-generals of the CPPCC National Committee are Luo Hanxian, Ye Zhishan, Fang Rongxin, Song Demin, Shao Hengqiu, Zhao Weizhi, Sha Li,

Zhao Wei, Zhu Zuolin, Zhang Qia and Lin Yongsan. Six of them are members of the democratic parties or people with no party affiliation and the other five are Chinese Communist Party members.

Chairman Li Xiannian and Vice-Chairmen Wang Renzhong and Yan Mingfu of the CPPCC National Committee were present at today's meeting.

More on CPPCC National Committee Session

Qian Jiaju Delivers Speech

HK120300 Hong Kong WEN WEI PO in Chinese
4 Apr 88 pp 1, 2

[Dispatch: "Qian Jiaju (0578 1367 7467) Discusses Prices, Reform, and Social Mood (Full Text)"]

[Text] Beijing 3 Apr—At yesterday's CPPCC meeting, CPPCC member Qian Jiaju delivered a speech, lashing out at problems in prices, education, and social mood. The full text of his speech is as follows:

Chairman, and fellow members:

I am all for Vice Chairman Qian Xuesheng's "CPPCC Work Report," and Acting Premier Li Peng's "Government Work Report." Here I should like to air my views on three topics, prices, education and social mood.

1. The Price Problem [subhead]

The price problem is a matter of the greatest concern among the people. The range of price rise has exceeded that of wage increase. This has given rise to the resentment of some of the masses. On the other hand, it is universally known that China's price structure is irrational. It does not reflect the law of value or the relations of supply and demand. If such an irrational price structure should remain unchanged, the correct assessment of enterprises' production and management will be impossible, nor will it be possible to iron out the economic relations in all aspects. Hence, the impossibility for the favorable circle of China's economy. We often stress the need to handle affairs based on the objective law governing the economy, which primarily refers to the law of value. Our existing price policy has been one of stabilizing prices by means of administrative mandates implemented for the past 30 years or so. What measures have been adopted when goods and equipment are in short supply resulting from a restriction on price readjustment? The state has resorted to rationing articles of daily necessity. (For example: grain, edible oil, pork and eggs.) In cases of goods and equipment other than this category, the state has resorted to administrative mandates to prohibit price rises; consequently, there are quotations for some commodities, but they are literally unavailable in the market. For example, color television sets may be allowed to be stockpiled, but it can be extremely difficult for the masses to get one. Shanghai-made television sets are only available in Shenzhen, but not in Shanghai.

Because in Shenzhen, there is no restriction in price setting, and market economy has been implemented. If any Shanghai citizen wants to own one of those Shanghai-made television sets, he will have to go to Shenzhen to buy one or to ask his one of friends or relatives in Shenzhen to get it for him. Some will pay in Shenzhen and have the television delivered to them in Shanghai with the invoice. A dual-track price system has been implemented regarding production materials, namely, planned prices (state quotations) and negotiated prices. The latter can be several times higher than state quotations. Consequently, a weird phenomenon emerges, in which prices for substandard products can be several times higher than qualified products. Because of the differences between state quotations and negotiated price, and of state quotations being lower than production cost, which is covered by state financial subsidies, law-breakers have taken advantage of the loopholes. They will engage themselves in a thousand and one tricks, including going through back doors, signing notes promising favors in certain aspects, throwing banquets, and sending presents, in order to get hold of preferences for acquiring goods and equipment at state quotations; thus bribery has swept across the nation. When they have obtained goods and equipment in various categories, they will change hands at negotiated prices, and get a windfall out of them in no time. In some cases, responsible departments have even worked hands in gloves with law-breakers in such speculation, and would split the illegal profits between them. This is one of the reasons why the social mood is so hopelessly rotten. In consequence, the state has suffered losses, so have the masses. Such a whole-range measures for price-freezing on the strength of administrative mandates have been implemented over the past 30 years or so. Just as it was pointed out in the 1984 "Decision of the Central Committee on Economic Structural Reform: "Because of the neglect of the law of value over a long period...the prices of lots of commodities does not reflect their value or the supply-demand relations... reform of the price system is the key to the success or failure of the entire economic structural reform."

When the cause of the disease is diagnosed and pinpointed, why should the disease remain so stubborn? Because the price problem involves thousands upon thousands of households. Any price change will lead to a chain reaction and effects on stability and solidarity. Therefore, it is necessary to weigh the bearing capacities of the state, the enterprise, as well as the people. On the one hand, the price system must undergo reform; otherwise, the realization of a favorable economic circle is impossible. On the other hand, we are afraid lest reform should lead to skyrocketing prices, which is beyond the capacities of the state and the people to bear. Then what is the way out?

I repeated my opinion on the price problem at the 1987 and the 1986 CPPCC sessions with the following statements. One was that "a drastic measure is far better than an ineffectual remedy"; and the other was that "the application to the objective economic law is far more

effective than resorting to administrative forces." I am all for the lifting of price restriction, and the imperative reform of irrational prices, which run counter to the law of value. But price readjustment will inevitably lead to a price rise for many commodities. What about the living standards of the workers and staff, then? I am for lifting price restriction and simultaneously readjusting wages of workers and staff by a wide margin. Wages should be linked with prices. Relevant departments should make known the cost of living index on a monthly basis (not price index of statistics bureau,) and wages should be readjusted with whatever changes in the cost of living index. People may ask in all their anxieties: How can state finance swallow this when prices and wages of workers and staff are going up at the same time? Will it not mean a repetition of the inflation ballooning during the KMT reign? To my mind, inflation can be avoided so long as we reduce investments in capital construction by a wide margin, namely by means of a drastic measure. China's annual investment in capital construction in the state financial budget is between 60 billion and 70 billion yuan on average, in addition to the investment outside the plan, it comes to something beyond 100 billion yuan, accounting for more than one-third of the state financial expenditures. The gargantuan scope of capital construction has led to a strain in energy resources, communications and transportation, raw materials, and hard currencies, and much to our regret, a dislocation in the proportions of the national economy as well as the shortage of funds for such endeavors as education, culture, science, technology and public health. It seems that the last resort has been increasing money supply, which is, unfortunately, one of the price-rocketing factors. We have been calling for control over investments in capital construction every year, however, they have kept expanding all through the years. To basically change this situation, I propose that in the next five years, we should stop all investments in capital construction with the exception of energy resources, communications and transportation and those on-going projects of capital construction. Especially, the so-called "key projects" (with the exception of energy resources, communications and transportation) must be put to a resolute halt. In this way, not only can we eliminate the financial deficits of 8 billion yuan, but also stop asking for foreign loans. The money saved will be more than sufficient to readjust prices, improving wages of workers and staff as well as the endeavors in education, culture, public health, science and technology. This means a major surgical operation on China's economic structural system, and will likely give rise to a tremendous shock. However, this operation is inevitable if China is to lead its economy to a favorable circle, and to literally handle affairs according to the objective economic law, and not just not by paying lip service. Besides, it is better to conduct this operation sooner. The sooner the better, and the greater the initiative. The later it is conducted, the greater the passivity. To my mind, the major obstruction of the operation does not lie in the bearing capacities of the state and the masses, but the habitual craving and impatience for greatness and success of some responsible

departments, and the effects of habitual forces and traditional concept in the belief that nothing but capital construction can be the signal and motivation for economic construction.

From a long-range view, enterprises will genuinely possess vitality, the law of value will spontaneously give play to its role, and production will naturally come up on condition that price restriction be lifted. If prices are rational, production will come up, and prices will naturally drop. At the same time, the state may save its annual financial subsidies amounting to tens of billion yuan, while this sum can be used directly to raise wages of workers and staff. Where subsidies are involved, the state suffers losses without people seeing them, whereas the benefits of wage raises for workers and staff are crystal clear to anybody. Capital construction will continue when China's economy is on the track of a favorable circle five years later. In this way, China's economic construction will be seemingly slow, but actually fast. This is a very important step in China's economic structural reform.

II. Education [subhead]

China is still confronted with a serious question of education. Following the 13th Party Congress some people asked me: Will China take a roundabout course again in the future? I replied: If that happens, it will be the result of neglecting education and knowledge. I referred to practical work rather theory. Theoretically speaking, the report to the 13th Party Congress has explicitly pointed out: "Education is of fundamental importance to fulfilling of our great long-range mission," "we must therefore continue to stress the strategic role of education." Moreover, the first topic in the strategy for economic development strategy is: "Give first priority to the expansion of scientific, technological, and educational undertakings."

What is the actual situation? As a matter of fact, we have never regarded investment in education as an investment in production. In addition, we have taken education as a soft rather than a hard task. Investment in education has always been inferior to investment in capital construction. In financial expenditure, priority has been given to investment in capital construction rather than that in education. The party and government leaders at all localities have paid great attention to the economy rather than education. While assessing the work of a locality, they focused their attention on the growth of industrial and agricultural production rather than the development of education. Instead of taking education as an essential means to improve the quality of the people, we attached importance to education ideologically for the purpose of turning out scientists, technological workers, and qualified personnel. In my opinion, "improving the quality of all people" (article 3, Compulsory Education Law) should be the fundamental purpose of education. This is more important than training scientists, technological workers, and qualified

personnel. Only by improving the quality of all people can we "lay the foundation for training socialist qualified personnel with lofty ideals, morality, better education, and a sense of discipline" (article 3, Compulsory Education Law). As the ancient saying goes, "it takes ten years to grow trees, but a hundred to rear people." True, it will take a hundred years to rear a generation of people with morality and better education. If priority is given to "improving the quality of the whole nation," our attention will be focused on wiping out illiteracy and improving the quality of primary teachers rather than the number of students enrolled by universities and colleges and postgraduates trained every year.

Obviously, the current situation of China's basic education is not satisfactory. Although 3 years have elapsed since the promulgation of the Compulsory Education Law there is still a lack of material guarantee for implementing compulsory education. Instead of decreasing, the number of illiterates has increased somewhat. To wipe out illiteracy, we should earnestly implement compulsory education rather than shout slogans of eliminating illiteracy every year. This question merits attention. The status of China's primary school teachers and their remuneration are still the lowest among all trades and professions. They are not the most respected people in society. After reading Su Xiaokang's "Memorandums of Pure Anxiety" carried in RENMIN WENXUE which described the miserable circumstances of primary and secondary school teachers, our veteran writer Madame Bing Xin raised a warning and issued an article entitled "My Request." However, the matter has not yet drawn the attention of our leaders. In an article entitled "Many Sad Stories," Su Xiaokang pointed out a strange phenomenon: "Education has produced a force of self-negation. Although the primary and secondary schools are packed, very few students want to study in the normal colleges and schools. Children have acquired the heritage of knowledge as well as the tragic lesson of never taking up the profession of teachers from their parents." "The author raised a question: 'When will the retaliation be incurred?'" (See RENMIN RIBAO, 8 March) At present the remuneration of China's primary school teachers and university professors is equivalent to only 1 percent and one-fiftieth respectively of their counterpart in Hong Kong. The actual wages of both university and primary school teachers are under one-tenth of those in old China before the Anti-Japanese war. Last year the nominal wages of university professors also dropped. The saying "the price of everything has soared, except that of teachers and rubbish which has dropped" prevailed in society. A president of a certain university said: "The ancients say: The cultural tradition toppled down. Now the situation is worse." Such reality does not tally with our claim that priority has been given to education.

Naturally, a lack of funds does in fact exist. It is also a fact that the growth of expenses for education has outstripped that of state revenue and national production since 1979. However, we also cannot deny the fact that expenses for education in the developed countries

account for 6 to 7 percent of their national incomes, while the rate in China is under 3 percent (2.5 percent in 1987). The annual expenses for education in China total some 20 billion yuan, accounting for less than 10 percent of the state's budgetary expenses, while investment in capital construction totals around 100 billion yuan. If education is to be placed in a position of strategic importance, why can we not increase the expenses for education by 100 percent and curtail investment in capital construction by one-third or one-fourth?

There is a well-known saying abroad: "Whether you have paid attention to education or not can be judged from whether you are willing to spend money in educational undertakings." Following World War II the Japanese preferred tightening their belts to cutting the expenses for education. They did not shout slogans like "education first," but facts have proved that they paid close attention to education. Conversely, the slogans "respecting teachers and laying stress on education" prevailed for years in China, yet the miserable circumstances and low social status of primary school teachers have remained unchanged. Thus, the crux of the matter lies in action rather than high-sounding slogans. Unless we are determined to take practical action in education, to increase the wages of primary school teachers by 100 to 200 percent rather than 10 to 20 percent, and to regard basic education as the foundation of capital construction rather than simply as the country's capital construction, the retaliation will incur on our descendants in the 21st century. Whether China can gain a foothold among the civilized countries in the next century will then be out of the question. I am not trying to exaggerate things to scare people. This is a common view of the majority of comrades of the China Democratic League. During the 1950s Ma Yinchu, Shao Lizi, and other personages with lofty ideals proposed family planning to keep the population under control. However, China's leaders did not realize the point at that time. Did we not have to eat our own bitter fruit during the 1980s? The consequences of neglecting education will be graver than those of population. This question gives us the shivers.

I would like to give an example to show whether we have respected knowledge and intellectuals or not: At present regulatory taxes are imposed on contribution fees exceeding 800 yuan. According to the stipulations of the taxation law, regulatory taxes should be levied on monthly wages exceeding 800 yuan. Now the stipulations also apply to contribution fees. However, everyone knows that it takes months or even years to write a book. It would indeed be incomprehensible to equate this with the monthly income of 800 yuan. Although contribution fees in old China were 100 percent higher than the present (actual value of currency), there were no taxes imposed. How much can actually be collected from the regulatory taxes every year? According to my estimate, the figure cannot exceed 1 million yuan! This is just a drop in the ocean from our revenue. Although the cultural circles have appealed time and again, the question has remained unsettled. Nevertheless, a blind eye is

turned to the annual waste of tens of millions and even hundreds of millions of yuan in China's capital construction. This shows that respecting knowledge and intellectuals in China are but empty words.

III. The Problem of Social Conduct [subhead]

Today, the problem of the bad and deteriorating moral climate in society is the most frequently discussed problem among the people and a cause of grave concern among insightful people. Some party members and state cadres have abused the power in their hands by engaging in malpractices for selfish ends, using public office for private gain, and receiving bribes. Some of them even have been involved in serious economic crimes. In the country, it frequently occurs that one cannot even have one's business attended to if one does not give people presents or treat them to dinners. Although only a few people have done all this, their bad influence can affect the national economy [guo ben 0948 2609]. In September 1982, at the 12th CPC National Congress, Comrade Hu Yaobang pointed out "the need to strive to bring about a fundamental turn for the better in the country's financial and economic situation, in the standards of social conduct, and in the style of the party in the next 5 years." These 5 years have long passed. However, have there been a "fundamental turn for the better in these three areas?" It seems that we still cannot draw a conclusion in optimistic terms. I hereby raise three specific suggestions on the question of how to bring about a turn for the better in social conduct:

First, it is necessary to increase the salaries of public servants in order to help them be able to be honest. Developed countries pay their public servants generously in order to ensure that they can enjoy quite high living standards. However, they do severely punish those public servants who abuse their power by engaging in malpractices for selfish ends, receive bribes, or use public office for private gain. (In Singapore, Lee Kuan Yew once tried to force a corrupt minister to kill himself.) In our country, the public servants receive very meager salaries. However, they are leniently handled if they abuse their power, use public office for private gain, benefit themselves at public expense, or confuse public with personal interests. Sometimes, people even turn a blind eye to such practices or take them as a matter of course. I prefer the developed country's practice to ours. The reason is simply that although the former incurs visible expenses, the latter can bring invisible losses. In addition, the former can help cultivate the habit of observing law and discipline among public servants. However, given the latter practice, honest people can barely make a living, whereas opportunists and the corrupt live in abundance and are envied by others. Nothing corrupts the moral climate in society more seriously than this. This is my first point.

Second, it is necessary to strictly enforce laws and discipline. Corrupt social practices are closely related to the conduct of the children of some high-ranking cadres.

Confucius said: "To govern means to rectify. If you lead on the people with correctness, who will dare not to be correct? When one's personal conduct is correct, one's government is effective without the issuing of orders. If one's personal conduct is not correct, one may still issue orders, but they will not be followed." "If those in power enjoy something, the common people will enjoy it more and go even further." To make the moral climate in society decent, it is necessary to begin by rectifying the party style and the conduct of our officials. If the conduct of officials is improper, the people naturally will not behave properly. The country's legal system is imperfect and has inadequacies. One important reason for this is that the party style is no good and the conduct of our officials improper. However, if we do not strictly observe and enforce laws, having law will be absolutely useless even if with a perfect legal system. Actually, we have learned a historical lesson. "We still remember on the birth of New China's first Constitution in 1955, Comrade Liu Shaoqi sternly refuted the opinion that 'there is no personal freedom in China.' Twenty years later, this president of the republic had lost his basic personal freedom and died in a cellar where he was imprisoned." (RENMIN RIBAO, 8 March) This is indeed ironic. Of course, the circumstances today are different from those during and before the cultural revolution. But I am afraid that the problems of laws not being strictly enforced and unjust punishments still exist! In feudal China, there was the view that "torture and punishment should not be applied to senior officials." However, at the same time, the principle of "punishing a crown prince in the same way common people are punished if he violates the law" was part of its tradition. The initial stage of socialism in China emerged from the womb of feudal Chinese society. We hope that it will inherit feudal China's fine traditions but not adopt its practice of "not torturing nor punishing its senior officials." Let us examine an example. A certain governor of Jiangxi Province was sentenced to 2 years in prison for wasting several hundred thousand U.S. dollars of public funds on a mistress. However, a criminal was sentenced to life imprisonment for seizing water melons by force. Can we say that "the laws are strictly enforced!" In feudal times, there was the view that "it is sometimes necessary to decapitate somebody in order to vent the people's anger." For the sake of the legal system and democratization, it is time we abandoned the principle that "senior officials should be exempted from punishments or severe punishments."

And third, strengthening the supervision of public opinion. Under the condition of incompleteness and imperfection of the legal system and unfairness in exercising the law, this can be an effective means to supplement the incompleteness of the law and discipline. Some leaders "do not care so much about criticism in the form of restricted circulars, but are not without some misgivings for being criticized openly in the press." The opinion columns and journalists' investigation reports in various local press have, in recent years, played a considerable part in correcting unhealthy tendencies, and helped

reverse some unjust, and wrong verdicts as well as false charges. Such practices should be given great support. At the same time, we hope that our journalists will show a sense of responsibility and a sense of honor as "uncrowned kings" in reporting not only the good things but also the bad ones in a truth-seeking way. Where good things are concerned, they must be the real things. The key lies in whether leadership has the courage to accept criticism. Should those who report good things be rewarded, while those doing otherwise end up with punishment to their sorrow; then, who could be so courageous as to report bad things? An 8 February 1988 RENMIN RIBAO report read: "It was learned at a forum for reporters that all leadership of various newspapers had made it explicitly clear to them: When you are engaged in journalism, it is imperative for you the report only the good things, but never the bad ones. Some went so far as to say, 'what do you think we are keeping you people here for? You don't suppose we want you to give us a bad name with your criticism, do you?' News report can only touch on the good things but not otherwise, and this should have been made explicitly clear by leadership of all newspapers! Although that was a forum for news workers from six provinces, I could not help shuddering at the idea! A stark fact in China today is that a nonofficial newspaper does not yet exist. It is said that 'the unanimity in public opinion' is a manifestation of the advantages of socialist journalism; however, it is precisely because of the unanimity in public opinion that we suffered immensely from 'the great leap forward and the work style characterized by big talk.' The memory of that lesson is still fresh in our minds. The fact is, leadership in this category continues to survive even after the 13th party congress. How can we stop worrying about the prospects of China's reform!

Of late, I have read Gorbachev's "Perestroika and the New Thinking." Some of his epigrams have given us much food for thought. He says, "Without glasnost, there will be no democracy; without democracy, there will be no modern socialism." Again, he says: "The attitude toward criticism is an important yardstick to measure a person's attitude toward reform." "Criticism is some bitter medicine; however, medicine at that is imperative should someone fall ill." Gorbachev stresses that "it is necessary to tell people the truth; one should not be afraid of one's own people. Glasnost is characterized by socialism." "Reviewing one's own experiences in a critical attitude is an expression of strength, by no means is it a sign of weakness." To us, Gorbachev's epigrams are also an effective medicine.

Of course, it is practical actions that count, but not lip service in the attitude toward criticism as well as the matter of education. Under the precondition of "unanimous public opinion" monopolized by official press in the absence of non-official newspapers, whether criticism and self-criticism can be genuinely conducted will be a yardstick to measure whether China's reform will be carried out in depth. I am now approaching 80. Many of my friends have advised me to refrain from delivering

speeches (for I was under attack after a speech I made in a group discussion last year.) I could have enjoyed my old age in peace by touring some scenic spots in a leisurely way, or by devoting myself to writing. However, I am pressed by the idea that "any individual should bear responsibility for the future of his nation" and the present situation in reform, and deeply impressed by the people's yearning for a sound government and the enlightened attitude and broad vision of our party and state leadership; therefore, I cannot help saying some unpleasant and foolish things again here and now. "Those who understand me will say that I am worrying, and those who do not understand me will say: What is he asking for?" "It is not that I am inclined to contradict others, just that I feel compelled to do so." That's all. Thank you!

Namelist of New Leaders, Members
OW120025 Beijing XINHUA Domestic Service
in Chinese 0617 GMT 10 Apr 88

[Text] Beijing, 10 Apr (XINHUA)—Namelist of chairman, vice chairmen, and secretary general of the Seventh CPPCC National Committee and members of its Standing Committee, elected on 10 April 1988 at the First Session of the Seventh CPPCC National Committee:

Chairman:

Li Xiannian

Vice Chairmen:

Wang Renzhong, Yan Mingfu, Fang Yi, Gu Mu, Yang Jingren (Hui nationality), Kang Keqing (female), Pagbalha Geleg Namgyai (Tibetan nationality), Hu Ziang, Qian Changzhao, Zhou Peiyuan, Miao Yuntai, Wang Guangying, Deng Zhaoxiang, Zhao Puchu, Qu Wu, Ba Jin, Ma Wenrui, Liu Jingji, Wang Enmao, Qian Xuesen, Qian Weichang, Hu Sheng, Sun Xiaocun, Cheng Siyuan, Lu Jiaxi, Qian Zhengying (female), Su Buqing, and Ismail Amat (Uygur nationality)

Secretary General:

Zhou Shaozheng

Members of the Standing Committee (listed in order of the number of strokes in their surnames):

Ding Zhenyu, Wang Guoquan, Qian Jiaju, Ma Xin (Hui nationality), Ma Dayou, Ma Yuhuai (Hui nationality), Ma Haide, Wang Kuang, Wang Feng (female), Wang Jian, Wang Yuqing, Wang Guangmei (female), Wang Genzhong, Wang Fuzhi, Wang Bingxiang, Wang Shenyin, Wang Hongzhen, Wang Xijue, Wang Lizhi, Fang Rongxin, Kong Fei (Monggol nationality), Aimaiti Wajidi (Uygur nationality), Lu Bangzheng (Yi nationality), Ye Renzhou, Ye Zhishan, Ye Duiyi, Ye Gongshao (female), Ye Jiequan, Ye Daoying, Tian Yuan (Tujia nationality), Tian Guangtao, Tian Maijiu, Tian Zhaowu,

Bai Jinian, Bai Zhimin, Feng Youlan, Feng Yuanwei (Yi nationality), Feng Suta, Feng Tiyun, Feng Depei, Lan Zhiliu (Yao nationality), Yabxi Gugong Cedan [1031 6007 0657 0361 2088 2481] (Tibetan nationality), Guang Renhong, Qiao Mingfu, Ren Rong, Wu Cangping, Zhuang Shiping, Zhuang Mingli, Liu Kaiqu, Liu Yuanxuan, Liu Xiangsan, Liu Xiyao, Liu Haiqing, Liu Haisu, Liu Kunshui, Liu Bingyan, Liu Zunqi, Guan Mengjue (Man nationality), Jiang Ping, Jiang Jiafu (Zhuang nationality), Chi Jishang [3069 7139 1424] (female), Tang Yuanbing, Tang Dingyuan, Tang Dequan, An Zijie, An Shiwei (Hui nationality), Xu Zhimeng, Xu Baokui, Sun Tingfang, Sun Fuling, Sun Chengpei, Sun Yueqi, Yang Zhongshu, Mahsud Deipov (Uygur nationality), Yan Dongsheng, Su He (Monggal nationality), Su Ziheng, Su Qianyi, Li Gang, Li Ding, Li Tao (Man nationality), Li Yi, Li Renlin, Li Renjun, Li Zisong, Li Wenyi (female), Li Shuiqing, Li Shiji (female), Li Peiyao, Li Chunqing, Li Guohao, Li Jiansheng (female), Li Zhenjun (Miao nationality), Li Tiezheng, Li Yuanhao, Li Ruyun (Miao nationality), Yang You, Yang Shijie, Yang Xiguang, Yang Jiwan, Yang Kecheng (Bai nationality), Yang Zhengmin, Yang Side, Xiao Qian (Monggol nationality), Wu Jing, Wu Wenjun, Wu Shiduo, Wu Tingdong (Dong nationality), Wu Tingqiu, Wu Zuoren, Wu Lengxi, Wu Ketai, Wu Zhichao, Wu Xiuping, Wu Juenong, Wu Zuqiang, Wu Gengmei, He Zhengwen, Yu Zhan, Yu Guocong, Qi Gong (Man nationality), Shen Yuan, Shen Congwen (Miao nationality), Shen Qiuwo, Shen Qizhen, Shen Xiaxi (Hui nationality), Song Xilian, Song Jiwen, Song Hongzhao, Song Ruyao, Han Fuyou (Dai nationality), Zhang Quan (female), Zhang Jun, Zhang Xiang, Zhang Guangdou, Zhang Bilai, Zhang Zhigong, Zhang Boquan, Zhang Junqiu, Zhang Guosheng, Zhang Mingyang, Zhang Chunnan, Zhang Xiangshan, Zhang Suwo (female), Zhang Jingli, Zhang Aizhen [1728 8302 6297] (female, Man nationality), Zhang Chukun, Lu Ping, Lu Rongshu (Zhuang nationality), Lu Zhenfan (Bouyei nationality), Chen Yu, Cheng Daisun, Chen Bingquan, Chen Zupei, Chen Huangmei, Chen Mingshan, Chen Mingde, Chen Yisong, Lin Hengyuan, Lin Shengzhong, Lin Mohan, Song Bu (Tu nationality), Ouyang Wen, Ming Yang, Yi Lirong, Luo Qiong (female), Luo Guanzong, Luo Hanxian, Jin Kaicheng, Jin Xianzhai (Chaoxian nationality), Jin Taijia (Chaoxian nationality), Jin Luxian, Zhou Ying (female), Zhou Yuliang [0719 5280 5328] (female), Zhou Huamin, Zhou Tongshan, Zhou Weizhi, Zheng Shouyi (female), Zheng Dongguo, Zong Huaide, Jing Shuping, Xiang Chaozong (Miao nationality), Zhao Zili, Zhao Weizhi, Zhao Junmai, Zhao Haifeng, Zhao Chaogou, Hu Min, Hu Rulei, Husaiyin Siyabayefu [5170 6357 7299 2448 3660 1572 0048 1133] (Kazak nationality), Ke Hua, Ke Ling, Zhong Shitong, Hou Xueyu, Hou Xianglin, Hou Jingru, Wen Jiasi, Jiang Peilu, Hong Jing (female), Xu Guangyi, Yuan Longping, Yuan Hanqing, Nie Weiping, Jia Shi, Jia Yibin, Gu Dachun, Qian Sanqiang, Xu Yifang, Xu Yixin, Xu Zhaolong, Xu Yiqiao, Xu Binzhou, Israel Epstein, Ling Qihan, Gao Tian, Guo Xiuyi (female), Guo Weicheng (Man nationality), Guo Weifan (Hani nationality), Tang Youqi, Tang Zhenxu, Tang Xiangqian,

Pu Anxiu (female), Tan Jiazhen, Tan Haosheng, Tao Lujia, Samding Doje Pamo [2718 7307 1122 0679 1584 1191] (female, Tibetan nationality), Huang Kun, Huang Wei, Huang Xiang, Huang Daneng, Huang Zhengqing (Tibetan nationality), Huang Ganying (female), Huang Changxi, Huang Keli, Huang Qihan (Zhuang nationality), Huang Qizhang, Huang Jiqing, Huang Tifei, Huang Liangchen, Huang Dingchen, Huang Jingbo, Mei Xing, Cao Yu, Codanov Zhayier [2580 6671 6179 1133 2089 0122 1422] (Uygur nationality), Gong Zirong, Kang Yonghe, Liang Jia, Liang Shangli, Liang Yuning (female, Zhuang nationality), Liang Shuming, Peng Youjin, Ge Zhicheng, Dong Youxian (female), Hei Boli (Hui nationality), Jiang Lijin (female), Han Kehua, Han Zheyi (Hui nationality), Cheng Yuqi, Fu Xuewen (female), Fu Tieshan, Zeng Jinyi, Xie Liang, Xie Lihui, Xie Bingxin (female), Lei Tianjue, Bao Yishan, Jamyang Losang Jigme Tubdain Qoigyi Nyima (Tibetan nationality), Cai Wenhao, Zang Kejia, Liao Yanxiong, Tan Tiwu (female), Xiong Huang, Xiong Xianghui, Li Yuhang, Jian Tiancong (Uygur nationality), Xue Ming (female), Huo Maozheng (female), Dai Shuhe, Dai Ailian (female), and Wei Longxiang.

Vice Chairmen Comment on Elections
OW120004 Beijing XINHUA Domestic Service
in Chinese 1259 GMT 10 Apr 88

[By reporters Zou Aiguo and Xue Jianhua]

[Excerpts] Beijing, 10 Apr (XINHUA)—The colorful indication bulbs on top of the 19 ballot boxes at the election site of the CPPCC National Committee were blinking incessantly around 0900 this morning. Zhou Shaozheng, secretary-general of the session, cheerfully went to the lobby of the rostrum around 1000 to report: The screen in the microcomputer main control room indicates all candidates are elected.

Amidst cheers and congratulations, the reporter interviewed the 10 newly-elected vice chairmen of the CPPCC National Committee.

While Wang Renzhong, 71, was giving the work report to Li Xiannian, newly elected chairman of the CPPCC National Committee, Yan Mingfu, executive chairman of the session, walked over and told Li Xiannian, "The scrutineers and working personnel are preparing the namelist of those who are elected in Jiangsu Hall." Li Xiannian inquired with interest about the computer. The reporters took advantage of the break and interviewed Wang Renzhong, who has just been elected a vice chairman.

"I am very glad to join the CPPCC National Committee and work with the personages of the democratic parties and the prominent figures from all walks of life." Wang Renzhong said, "There are so many experts and scholars in the CPPCC National Committee. I can learn from them to make improvement in the CPPCC work." [passage omitted]

State Councillor Gu Mu, who has been engaged in China's opening to the outside world for a long time, said, "Many members of the CPPCC National Committee are very influential both at home and abroad. They enjoy a considerably good reputation. The CPPCC National Committee can turn these advantages to good account, publicize the policies of the party and the state, and promote the development of the open policy and reunification of the motherland." Then Gu Mu added, "It is precisely on this account that I am confident of the success of the CPPCC work."

Among the newly elected 11 vice chairmen, 4 are personages of democratic parties and patriots without party affiliation. With the exception of Lu Jiaxi, vice chairman of the Central Committee of the Chinese Peasants and Workers' Democratic Party, who was hospitalized, the other three accepted reporters' interview requests with great enthusiasm. [passage omitted] When the reporters interviewed State Councillor Fang Yi, President of the Chinese Academy of Social Sciences Hu Sheng, and Minister of Water Resources and Electric Power Qian Zhengying, they all said that participation in the CPPCC National Committee is a way to learn new things. It was their first time to join the CPPCC National Committee, and they were elected its vice chairmen.

Fang Yi, 72, said: This is my first time to take part in the CPPCC work. I must learn everything from the beginning.

Hu Sheng, who is just over 70 years old, said: I'll do my best to familiarize myself with my new CPPCC post and work.

Qian Zhengying, the only woman comrade among the 11 newly-elected vice chairmen, said: I'll double my efforts to learn and endeavor to make some contributions to the CPPCC work in the future. [passage omitted]

Yan Mingfu, member of the Secretariat of the CPC Central Committee, was the busiest person today. He was the executive chairman of the election meeting. As soon as the computer printed out the election results, he rushed to report to the executive chairmen of the session in the lobby. He said to reporters: The Sixth CPPCC National Committee has done a great deal of work under the leadership of Elder Sister Deng Yingchao. On this basis, we shall strive to do an even better job in the CPPCC work. At least, while looking back on the 5-year's work at the end of the Seventh CPPCC National Committee, we'll not feel ashamed.

Vice Chairman Ba Jin Profiled

OW121301 Beijing XINHUA in English 0446 GMT 10 Apr 88

["Biographical Note: Ba Jin"—XINHUA headline]

[Text] Beijing, April 10 (XINHUA)—Ba Jin, chairman of the Chinese Writers Association and vice-chairman of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC), was elected again vice-chairman of the seventh CPPCC National Committee.

Ba Jin was born in November, 1904 in Chengdu, Sichuan Province. He went to study in France in 1928.

Between 1935 and 1949, he was editor-in-chief of the "CULTURAL LIFE" and Pingming Publishing Houses in Shanghai.

After 1949, he served successively as vice-chairman and chairman of the Chinese Writers Association, and editor-in-chief of the magazines, "ART AND LITERATURE MONTHLY", "HARVEST" and "SHANGHAI LITERATURE".

Among his main works are the 14-volume "WRITINGS OF BA JIN", "SELECTED WORKS OF BA JIN," which included "FAMILY", "SPRING", "AUTUMN", "THE TRILOGY OF LOVE", "A DREAM OF SEA", "AUTUMN IN SPRING".

He was rewarded the 1982 Dante International Prize, won the title of "Commander of the Legion of Honor" of France in 1983, and was conferred the honorary degree of doctor of literature by the Chinese University of Hong Kong in 1984.

He was elected deputy to the first through the fourth National People's Congresses and a member of the Standing Committee of the Fifth NPC. In 1983, he was elected vice-chairman of the Sixth CPPCC National Committee.

Members Make Suggestions

OW120014 Beijing XINHUA Domestic Service in Chinese 1532 GMT 10 Apr 88

[By reporter Zheng Qingdong]

[Text] Beijing, 10 Apr (XINHUA)—The atmosphere at the CPPCC closing ceremony this afternoon was lively and vivacious once again. While the executive chairmen of the session presided over the approval for the Political Resolution and Motions Examination Report, nine members raised their hands and spoke one after another, requesting revisions of these two documents.

Lin Nanyuan, member of the Revolutionary Committee of the Chinese Kuomintang, was the first CPPCC member that put up his hand and spoke. Holding the microphone in his hand, he said with a voice full of emotion, "The successes achieved by the Sixth CPPCC National Committee in all fields of endeavor are inseparable from the industrious hard work of Chairman Deng Yingchao. I this point be recorded in our Political Resolutions." No sooner had Member Lin Nanyuan finished his speech than a thunderous applause roared in the auditorium.

Vice Chairman Wang Renzhong, who was presiding over the meeting, said: Very well, we shall discuss it at the chairmanship meeting according to everyone's opinion.

Taking up Member Lin Nanyuan's topic, Li Wenjie, member of the China Democratic National Construction Association and also CPPCC member, said: In addition to Elder Sister Deng's contributions, the industriousness and hard work of every former vice chairmen and members who no longer undertake CPPCC work have all combined to make possible the success of our CPPCC National Committee today. We should pay high respect to them in our resolutions. They should be remembered.

Applause once again resounded in the Great Hall of the People.

"I want to speak." It was Member Wang Lianfang of the Nationality Group who said this. He suggested that the word "nationality" be added to the paragraph "the session hopes that the State Council will pay great attention to the problems existing in commodity prices, standards of social conduct, education, salaries for intellectuals, and agriculture, which have been pointed out by the members" in the Political Resolutions; because, though everyone has talked a great deal about the nationality issue, the session has not attached due importance to it yet. Another member pointed out that "women" should be added to this paragraph to draw the attention of all sectors in the society.

While the members were deliberating on the Motions Examination Report, Member Bao Yishan, who is also a member of the session Presidium, proposed changing one word. He said: The phrase "increase work benefit" in the report is grammatically incorrect. The word "benefit" should be changed to "efficiency." Member Bao Yishan's suggestion was warmly applauded by the members.

Li Wenjie, member of the China Democratic National Construction Association and CPPCC member, presented his opinion on revision of the portion of the Motions Examination Report where the views of the members on proper management of the introduced foreign capital have not been fully reflected. He said: The majority of the 300 plus reports in the Session and speeches by over 100 members have reflected this view. Great attention should be paid to it in the Motions Examination Report. He suggested that "proper management of the introduced foreign capital in China" and "control of investment in building new luxurious guest houses and in other nonproductive capital construction" be added to the report.

The atmosphere of the meeting became warmer. Member Yuan Xiaoyuan of the Specially-Invited Group put up her hand and asked to be heard. She said: I want to call the attention of everyone present to the fact that youngsters nowadays cannot read the original complex form of simplified Chinese characters. The handing down and carrying forward of our national traditions will be adversely affected as a result. Citing an instance, she said: A student could not find the "Hou Han Shu" [a book on the later Han dynasty] in the library because the

title of the book is printed in the original complex form of simplified Chinese characters, which he cannot read. Member Yuan Xiaoyuan proposed: Additional courses on the original complex form of simplified Chinese characters should be given at schools.

Wang Renzhong, who was presiding over the meeting, laughed and said to Member Yuan Xiaoyuan, "What you just said is a special issue and does not relate to the Motions Examination Report in the session. Could you please prepare a special motion?" Laughter broke out in the auditorium.

At today's meeting, Members Jin Liqiang, Mei Shengwei, and Sun Jiaxiu also spoke one after another, presenting their views on revisions of the Political Resolutions and the Motions Examination Report.

Wang Renzhong said, "We shall earnestly revise the resolutions and the report on the basis of the suggestions and opinions raised by the members who spoke just now. Those of you who agree, please raise your hand." The 1,700-plus members present at the meeting raised their right hands in unison and expressed unanimous agreement.

Originally, Vice Chairman Wang Renzhong announced that all the views presented by the members will be discussed at the chairmanship meeting on the next day. However, as soon as the members left at the end of the meeting, Li Xiannian and the vice chairmen of the CPPCC National Committee gathered in Fujian Hall to earnestly discuss the members' views. Yan Mingfu said: Elder Sister Deng is greatly touched by the suggestion of the members. However, she absolutely disagrees with making herself stand out among others. She asks us to take into consideration her opinion and never include those words showing respect to her in the resolutions.

"We should respect the Elder Sister's opinion," Li Xiannian said. The vice chairmen also expressed one after another that Elder Sister Deng's opinion should be respected.

The chairmanship meeting agreed to insert "nationality and women" issues to the existing problems presented by the members in the Political Resolutions in accordance with their views. The chairmanship meeting also adopted Member Bao Yishan's suggestions to change "benefit" to "efficiency" in the Motions Examination Report.

Members on Political Discussion
OW120036 Beijing XINHUA Domestic Service
in Chinese 1458 GMT 9 Apr 88

[By reporter Zheng Guangdong]

[Text] Beijing, 9 Apr (XINHUA)—The Motions Subcommittee of the First Session of the 7th CPPCC National Committee had received 1,734 motions from

CPPCC members from the opening of the session to 1800 yesterday. Among the motions, 563 dealt with economic construction; 487 with education, science and technology, culture, and health; and 684 with united front work, political affairs and law, and labor and personnel. As many as 1,350 members put forward a total of 4,682 motions.

In an interview with this reporter, Chairman of the Motions Committee of the 7th CPPCC National Committee Lu Jiayi said: "The number of motions presented in this session was the largest compared with that in the same period of the previous sessions. This indicates that CPPCC members are aspiring to participate in and discuss government and political affairs, and harbor the political enthusiasm about revitalizing the Chinese nation and realizing the four modernizations."

In the past few days, the Motions Subcommittee has received ceaseless phone calls. Dozens of staffers were busy with work. They quickly handled motions which reached them at a rate of over 100 per day and were using the computer to engage in retrieval, analysis, summary, and filing.

Many CPPCC members proposed that relevant departments strengthen macroscopic control over the economy and expedite the pace of reform and opening to the outside world, and many suggested that the central government further delegate power to localities and enterprises to let them have more decision-making power. Many also presented proposals on such issues as establishing economic cooperation zones and promoting lateral economic ties between coastal and inland areas and various other areas.

How to take practical measures to control commodity prices was an issue of concern to CPPCC members. A considerable number of members presented proposals in this regard.

Many members proposed to expedite the educational structural reform, strengthen socialist democracy and the legal system, and resolutely correct unhealthy practices.

In their motions, CPPCC members also expressed many viewpoints on issues regarding strengthening the CPPCC itself and bringing its role into better play in the government and political affairs. Many members suggested that the CPPCC institutionalize its work.

At present, the Motions Committee has examined all of the motions and will send them for review and handling, according to their respective nature, to a total of 135 units including relevant departments under the CPC Central Committee, the State Council, and the Central Military Commission, as well as various provincial, autonomous regional, and municipal governments. In the wake of the session, the General Offices of the

CPPCC National Committee, the NPC Standing Committee, and the State Council will jointly convene a meeting of heads of units in Beijing charged with the task of handling motions presented by NPC deputies and CPPCC members. In the meeting of heads of these units, motions will be assigned for handling, and relevant plans will be made to ensure that they are properly carried out.

Lu Jiayi indicated to this reporter: The 7th CPPCC National Committee will reform the handling of motions to ensure that members' motions are carried out.

Member Urges Afforestation Efforts

OW120637 Beijing XINHUA in English 1345 GMT
8 Apr 88

[Text] Beijing, April 8 (XINHUA)—A member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) today called on the country to stop destruction of forests and increase investment in afforestation.

Speaking at a plenary meeting of the CPPCC National Committee here this afternoon, Huang Shu, deputy director of the Science and Technology Committee of the Chinese Ministry of Forestry, said that China now faces a serious crisis in forestry resources because of the overfelling of trees.

According to statistics, Huang said, China now has only a combined timber stock of 2 billion cubic meters in grown-up trees. By the end of this century, 70 percent of China's major forests will be cut.

He called on the Government to increase investment in afforestation, establish a system to protect timber reserves and take further efforts in scientific management of forests.

Guo Weicheng, former deputy commander of the Railway Corps of the Chinese People's Liberation Army, attributed recent major accidents in transportation to lax enforcement of discipline.

He urged the transport departments to enhance the sense of responsibility among their workers, practice a strict awarding and punishing system, and strengthen safety control. He also called on the state to earmark special allocations for safety control in transportation and improve transport equipment and technology.

Zheng Shouyi, vice chairman of the Central Committee of the China Zhi Gong Dang (Party for Public Interest), called on the Government to better implement policies concerning returned overseas Chinese and families of overseas Chinese in order to let overseas Chinese play a greater role in promoting China's economic and technological exchanges and cooperation with foreign countries and contribute more to China's reunification.

Four other members of the CPPCC National Committee also spoke at today's meeting, which was attended by Li Xiannian, executive chairman of the session's Presidium.

Today's meeting was specially arranged upon the request of the members of the CPPCC National Committee. So far, 35 committee members have spoken at such meetings, and there are still 154 more who want to speak on such occasions. This is the first time for so many persons to speak at one session of the CPPCC National Committee. The speeches at this session also cover a wider range of subjects.

Beijing Students' 'Open Letter' Posted
HK100058 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 1528 GMT 9 Apr 88

[Text] Beijing, 9 Apr (ZHONGGUO TONGXUN SHE)—Following the appearance of an unsigned "Open Letter to the Seventh NPC" at the Chinese People's University yesterday evening, another big-character poster entitled "Open Letter to the New State Leaders Elected at the Seventh NPC" was pasted up there today, signed by "a number of members of the Young Teachers Association of the Chinese People's University."

The unsigned big-character poster put forward six views expressing the hope that China would not indulge in formalistic democracy. It said that the results of the NPC election were known long ago and there was no news in them. The poster also demanded that administrative legislation and journalism legislation be enacted as soon as possible, and that the costs of the NPC meeting place be announced. The poster also expressed dissatisfaction at the low level of spending on education and the poor pay and conditions for teachers. It further demanded that fair opportunities be provided the students to display their talent.

The signed open letter accused the authorities of being unable to provide proper housing.

More on Posters
HK090054 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 1616 GMT 8 Apr 88

[Text] Beijing, 8 Apr (ZHONGGUO TONGXUN SHE)—Another open letter to the NPC and CPPCC and several big-character posters attacking the education policy appeared on the Beijing University campus this morning.

The new open letter was signed by more than 40 young teachers. It stressed that there was no hope for education in China or for the nation unless the intellectuals, especially secondary and primary school teachers, were fundamentally extricated from their plight. They called for salary increases and a solution to housing problems, together with freedom for students to study abroad, and so on.

Another big-character poster accused the "NPC" of weakness in being unable to play a supervisory role. Two other cartoon posters satirized the abuses in the current educational system.

Shanghai University Head Supports Protestors
HK090245 Hong Kong HONGKONG STANDARD
in English 9 Apr 88 p 6

[Text] Beijing—A top Chinese university administrator yesterday put his support behind students waging a "big character" poster campaign against a government they claim has neglected and underfunded higher education while pushing ahead with modernization.

Shanghai University President Qian Weicheng, attending the Chinese congress in Beijing, said the poster incident "shows that Beijing University students are very concerned about state affairs. This is a good sign."

Mr Qian, who becomes the first high-ranking official to acknowledge the posters, told a press conference that action on the part of the university students was necessary to promote democratisation.

Authorities have chosen to overlook the posters, consisting of large Chinese characters, which have been appearing on a daily basis on the main announcement board of Beijing University.

Students at Beijing University, China's most prestigious university, began putting up posters earlier this week demanding more funding for education and accusing China's leaders of neglecting education in the drive to modernize the country.

The posters have not strayed from the topic of educational policy, echoing for the most part statements already expressed by the official press. In 1986 students on the campuses of China's major universities launched massive demonstrations for democracy, pasting up posters calling for sweeping political reforms.

"This is not a matter of opposing the government or stirring up trouble. The mood is one of resistance against the continued neglect of education by the government," said one Beijing University graduate student, who asked to remain anonymous.

Eight graduate students from Beijing University reportedly wrote a lengthy "open letter" to the National People's Congress, China's legislature, and the Chinese People's Political Consultative Conference, a powerless advisory body of intellectuals.

Beijing University professor Zhu Dexi, also a congress delegate, reportedly presented the letter to the presidium of the congress.

Mr Qian, responding to questions at a news conference given by leaders of China's eight officially sanctioned non-Communist parties, said he had not read the open letter.

But he said it was necessary for school officials and the government to provide students with opportunities other than the big-character posters to voice their concerns to the leadership.

Yesterday another open letter, signed by 43 young professors and calling attention to the need to improve education, was put up at Beijing University.

Student, Teacher Sit-Down Protest Reported
HK110845 Hong Kong HONGKONG STANDARD
in English 11 Apr 88 p 5

[Text] Beijing: About 15 Chinese students defied a heavy police presence to stage a brief sit-down protest in the middle of Tiananmen Square yesterday as fellow students and tutors discussed posters critical of China's education policies.

Sitting in a circle, the students unfolded a small poster which read: "More money for education," witnesses said.

When Western journalists tried to speak to them, plainclothes police intervened to move the students on but did not use violence.

Until this incident, calls for student demonstrations in the square—in the heart of Beijing, near the Hall of the People where the National People's Congress (NPC) is in session—had apparently gone unheeded.

Police, in greater numbers than usual, patrolled the huge square apparently in a bid to deter students after posters were put up at Beijing University on Saturday urging students to join yesterday's protest.

But hundreds of students and tutors gathered on two excited and sometimes tense Beijing university campuses to discuss posters calling for more democracy and protesting China's education policies.

One poster at Beijing University ridiculed recent elections for the president and other high-ranking state leaders by delegates to the NPC, China's parliament, saying these votes were hardly democratic as they had been "arranged in advance".

The poster, signed by about 30 "young tutors," accused the government of wasting money on the current NPC session—which has brought some 3,000 delegates to Beijing—but neglecting education, "the key to the modernisation" of China.

Another dazibao, or big-character poster, presented as an "open letter to delegates" of the NPC, read: "Too many words, not enough action".

"Teachers' salaries are even lower than during the anti-Japanese War" (in the 1940's, well before the communists came to power in 1949), said another poster at the university, adding that the government wanted to restrict the numbers of students studying abroad.

"All that, that's the reality," said one professor, aged about 50 and wearing an austere blue-collared Mao suit.

"They treat us worse than cattle," said one student.

At the People's University in Beijing nervous security forces stopped Western journalists from reading and photographing posters which criticised appalling living conditions for tutors and students.

Posters criticising Prime Minister Li Peng and Communist Party chief Zhao Ziyang, put up at Beijing University on Tuesday, had all been torn down.

Unconfirmed reports in Beijing said about 10 students were detained after they organised a brief sit-in at Tiananmen Square on Friday.

Hainan Province Development Plan Viewed
HK110551 Hong Kong TA KUNG PAO in Chinese
11 Mar 88, p 2

[Article by Liang Xiang (4731 3276): "A Tentative Plot of Hainan Development"]

[Text] In the autumn of 1987, the Central Authorities decided to turn Hainan Island into a province. This is a strategic decision as well as an epoch-making event because it shows that our country's process of opening up to the outside world has entered a new stage of development. The decision is an important turning point in the history of the development of Hainan Island and it will certainly exert a positive influence on the political and economic situations of Hong Kong and Taiwan, as well as the whole world.

As soon as Hainan Island is turned into a province, Hainan Island will implement more special, preferential, and flexible policies compared with the policies currently implemented by the four special economic zones of our country. All the special, preferential, and flexible policies to be implemented by Hainan Island will aim at accelerating the development of the social productive forces of Hainan Island, enabling Hainan Island to shake off poverty and achieve prosperity gradually, enabling Hainan Island to catch up with the development of the coastal areas which are open to the outside world, and pushing forward with the building of the socialist modernization of our country.

Hainan Island is situated in the southern part of our country. Geographically, Hainan Island occupies an important position. The total area of Hainan Island is 34,000 square kilometers. Hainan is only a bit over 1,000 square kilometers smaller than Taiwan. It has a population of less than 6.05 million people which is less than one third of the population of Taiwan. Hainan Island is rich in such natural resources as oil gas, minerals, marine products, tropical crops, and beautiful natural scenery, which is good for the development of the tourist trade. So, once the central authorities delegate more decisionmaking power to Hainan Island and implement more special policies toward Hainan Island, it will certainly be able to develop its potential and its economic advantages rapidly and effectively and making it more prosperous in the near future.

Over the past 3 months, the preparatory group responsible for turning Hainan Island into a province has made preparations conscientiously for turning Hainan Island into a province according to the instructions of the central authorities. The preparatory group has mainly fulfilled the following five tasks: (1) To formulate policies, rules, and regulations and carry out the work of legislation; (2) To formulate strategies for Hainan Island's economic development, formulate plans for the development of Hainan Island, and formulate plans for the urban construction on Hainan Island; (3) To begin to carry out the structural reform, establish leading bodies, and abolish autonomous prefectures; (4) To try to create a fine investment environment and; (5) To import actively foreign funds, advanced foreign science, technologies, and qualified personnel and carry out economic associations with other parts of the hinterland. We have listened carefully to the views of both the domestic and foreign experts, absorbed our country's experiences in establishing the special economic zones, and accomplished much work in light of the demands of the new stage in our country's process of opening up to the outside world and in light of the actual conditions of Hainan Island. Thus we have made good ideological, theoretical, organizational, and material preparations for the official transformation of Hainan Island into a province.

Since the central authorities announced that Hainan Island will soon be turned into a province, there has been a "Hainan craze" in the whole country. Various ministries and commissions of the central authorities and various provinces and municipalities directly under the Central Government have expressed willingness to help Hainan Island to carry out its development. Several hundred foreign businessmen have come in some 30 to 40 batches to Hainan Island from the United States, Europe, Japan, Hong Kong, Macao, and various other countries and regions in the world and have expressed their willingness to make investment on Hainan Island and have held trade talks with the Hainan Island authorities.

More than 60,000 various types of professionals and cadres in the hinterland have written letters to apply for

jobs on Hainan Island. The biggest problem faced by the development of Hainan Island is the lack of qualified personnel, development funds, and technologies. However, this problem will soon be overcome. That so many ministries and commissions of the central authorities have expressed willingness to help Hainan Island to carry out its development, so many foreign businessmen have expressed their willingness to make investment on Hainan Island, and so many professionals and qualified personnel have expressed their willingness to work on Hainan Island has guaranteed that Hainan Island will be developed greatly in the near future.

As soon as Hainan Island is turned into a province, Hainan will become the biggest and most special economic zone in China. It will be able to play a "window" role for the rest of China, and will be able to radiate its splendor to other parts of our country. The most outstanding characteristic of Hainan Island will be that Hainan will become the only special economic zone at the provincial level in China. Therefore, Hainan Island will be given a much bigger decisionmaking power in its own management compared with other special economic zones in China. Hainan Island will also adopt more preferential policies in terms of its foreign economic relations, foreign exchange control, capital construction, credit and loans, customs, and so on, compared with other special economic zones of our country. As far as the structure is concerned, Hainan Island will implement a new structure characterized by "a small government, but a big society." Therefore, Hainan Island will become the testing ground at the provincial level for the reform of the political structure and the reform of the economic structure. This means that the economy of Hainan Island will become a socialist market economy under the leadership of the CPC. The government of Hainan Island will mainly adopt indirect measures to manage the economy of Hainan Island and will base the guidance of the state plan on the law of market value. So, the economy of Hainan Island will be further opened up to the outside world and will become more dynamic.

The general strategic goal of the development of Hainan Island is to take the road of developing trade, industry, and agriculture by combining the industrial development, trade development, and technological development together under the guidance of an advanced industry, to develop an industrial structure with the characteristics of Hainan Island and develop an export-oriented economy, to try to enable the people of Hainan Island to shake off poverty and become well-off by 1995, and to catch up with the development of the developed coastal areas of our country, and to build Hainan Island into a beautiful island with advanced socialist material civilization and advanced socialist spiritual civilization by the end of 2000 or the beginning of the 21st century.

In order to accomplish this general strategic goal, Hainan Island will carry out its development and construction step-by-step and in stages and will lay stress on certain major projects during its development and construction.

It is predicted that it will take 3 years for Hainan Island to lay a solid foundation, 5 years for Hainan Island to carry out its development, and 10 years for Hainan Island to realize its economic take-off.

As far as the urban construction of Hainan Island is concerned, Hainan Island will mainly carry out the urban construction in Haikou City and Sanya City. As far as the development of the industrial zone is concerned, Hainan Island will mainly develop such big ports as the Haikou Port, Yangpu Port, Basuo Port, and Qinglan Port because these big ports form the hub of communications on Hainan Island. Hainan Island will also make great efforts to carry out the development of its petrochemical industry, mineral processing industry, light and textile industry, tropical crop and product processing industry, building material industry, electronic industry, and tourist trade so as to form a close industrial belt around the island.

Hainan Island will also implement the strategy of importing foreign funds, advanced foreign technologies and scientific management experiences, and various types of useful knowledge and market information and carrying out economic associations with the hinterland. Hainan Island will make redoubled efforts to develop lateral economic associations with other parts the country and with foreign countries and regions as well so as to greatly develop both the domestic and foreign advantages and the advantages of Hainan Island, build some backbone enterprises gradually and develop some fist products on Hainan Island, and participate in the international division of labor and international competition. In a long-term point of view, Hainan Island should mainly develop the technology-intensive and knowledge-intensive industrial projects so that Hainan Island will be able to transform its technological structure and product structure fundamentally. In the near future, Hainan Island should mainly develop the "three forms of import processing and compensation trade" and concentrate its efforts on the development of the labor-intensive projects so as to greatly invigorate the economy of Hainan Island, improve the quality of the labor force and cadres of Hainan Island, increase the foreign exchange earnings of Hainan Island, create good conditions for the future development of Hainan Island, gradually transform Hainan Island's intermediate technologies into advanced technologies, and lay a solid material and technological basis for Hainan Island.

In order to realize the above-mentioned goals, when carrying out the development of Hainan Island, we must first of all make great efforts to develop the advantages of the natural resources and human resources on Hainan Island. We must take a long-term point of view, rely on the mainland's support, catch up with the demand on the world market, make full use of the resources on Hainan Island and the resources outside Hainan Island, and develop the advantages of all sides. Only by doing things

in this way will the economy of Hainan Island be able to take off. I am sure that the economy of Hainan Island will be able to take off soon.

In one word, to turn Hainan Island into a province is of great historical significance. During such a process, Hainan Island will certainly make full use of the special structure and special policies given by the central authorities and mobilize the people of all nationalities on Hainan Island to make contributions jointly to the development of Hainan Island. If the Army and the people on Hainan Island unite together to work hard, create better prospects for Hainan Island jointly and develop the potential of the island jointly under the leadership of the central authorities, Hainan Island, which is a pearl, will certainly be able to radiate myriads of golden rays and make great contributions to the building of the socialist modernization of our country.

1950 Deng Speech on Press Role Published
HK250831 Beijing JIEFANGJUN BAO in Chinese
7 Mar 88 p 1

[Article by Deng Xiaoping: "Report at the Southwestern Regional Conference on Press Work (16 May 1950)"]

[Text] Wielding the pen is the main method of exercising leadership. Leading comrades must learn to wield the pen. Holding a meeting is a method of leadership and therefore, it is necessary. However, those who attend a meeting are always few. Even if a big report is given in a meeting, several hundred people can attend it at best. Having a private talk is also a method of leadership but it involves only "very few people." The most extensive method of exercising leadership is to use the pen. Articles under one's pen can circulate extensively and moreover, they can be fairly well arranged and ideologically more refined. So, exercising leadership using the pen is the main method of leadership. This is what Chairman Mao taught us. Those who are not good at writing must learn to write and those who can write but are not skilled in writing should improve their skills gradually.

Wielding the pen assumes many forms. The party and government write resolutions, instructions, plans, and telegrams. This is a very important form. However, instructions and telegrams can reach only cadres on a certain scale. Any policy made known just to cadres and not to the masses cannot produce desired effects. The way to bring the role of the pen into the fullest play is to publish articles in newspapers and in the form of booklets or to broadcast them through radio stations. Running newspapers and radio stations and issuing publications and booklets with the stress on being linked closely with practical work and the central tasks can play a greater and more effective and extensive role than any other method.

"The pen is too heavy" and we cannot write. What should then be done? It is imperative to explain to leading comrades in all localities so that they can gain a

better understanding of the importance of using the pen and of press work and can realize that not knowing how to use the pen means a great defect in the leadership itself. It is not very difficult to write an article. What is important is that there must be sound ideas in it. Leading comrades have this condition: They are better informed and can approach problems fairly comprehensively and correctly. Technical issues are secondary. So long as one works hard and with the help of others, he can improve himself gradually. Comrades engaged in press work should take the initiative in doing persuasion work among leading comrades who are reluctant to write articles. There must be a reason for a leading comrade's reluctance to write, either he "is unable or in no position to write" or "has no time to write." Therefore, they should take the initiative in helping him. They can either "write down what you say" or ask a comrade who is near to the leadership and able to write to do so. However, among other things, leading comrades should write themselves. Comrades engaged in press work should offer help to them and organize their contributions in a planned way. This will help solve gradually the problem of leading bodies and comrades in using and leading newspapers. There are three conditions for running newspapers well: Being linked with practical work, keeping close to the masses, and criticism and self-criticism. With these three conditions but without leadership, newspapers will become powerless and easily subject themselves to the practice of "recording whatever stories there might be." As such, leadership is the prerequisite for running newspapers well.

Efforts should be made to run local newspapers well. XINHUA RIBAO has made progress of late. Our newspapers should carry ordinary news released by the central authorities but instead of carrying broadcast scripts released by the General Office of the XINHUA NEWS AGENCY, local newspapers should select, condense, refine, and re-arrange them while giving consideration to whether their readers can read that much and understand them as expected. Compared with large-sized newspapers, some tabloids, run in an easier and livelier manner, are able to link themselves with practical work and to meet the needs of the masses. Of course, the places (big cities) which need running large-sized newspapers should be encouraged to do so but not all places necessarily do so.

Newspapers should link themselves with practical work and the central tasks at the place in question and at that time. Importance should be given to the Xinhua General Office's news releases. They are easier to compile. Leading comrades and comrades who run newspapers should devote their main energy and effort to local news and give wide coverage to the work and life of the people in their localities in their newspapers. Newspaper offices should establish constant contacts with the leaders and readjust their coverage principles from time to time along with the changes in the current tasks of their localities. Not long ago XINHUA RIBAO wrote a special comment about the developments of suppressing bandits

and it was mainly critical in content. Is this correct or not? It is also correct. Is it appropriate or not? It is not appropriate. Whether it is correct or not should be determined by taking such factors as time, place, and conditions into account. At a time when the troops made great efforts to suppress bandits under difficult conditions and thus scored achievements, if we direct criticism mainly against them, this is not appropriate. But if we do so a month earlier, that would be appropriate. This shows that our comrades have an inadequate understanding of the real situation in suppressing bandits. Now newspapers have a greater influence than in the past. If some incorrect things are commended in our newspapers, this is bad. Many years ago, many cadres did not read any newspapers but now things are different. Our newspapers have prestige among the people, who will follow whatever the newspapers say. After reading newspapers, many localities secretly corrected practices criticized in the newspapers. This is where the role of newspapers lies. In the community, many people read newspapers to find out what attitude the Communist Party has adopted and what policies the people's government is pursuing. They seek what they need in our newspapers to solve their own problems. It is precisely because our cadres and the people have all attached importance to newspapers that we should adopt a prudent policy.

What are the central tasks for the southwestern region today? Taken the region as a whole, they are 1) suppressing bandits; 2) fulfilling the tasks of collecting grain and other taxes and issuing government bonds; 3) leading production (mainly agricultural production); and 4) readjusting industry and commerce and providing relief to the unemployed. To fulfill these tasks, it is necessary to convene a people's congress or a peasant's representative assembly. The next step is to launch a rent reduction drive during the winter and coming spring. This task is put forth from a viewpoint of the overall situation of the southwestern region.

How have these tasks been completed? As far as the work of suppressing bandits is concerned, Sichuan has many successful experiences in this regard. Newspapers should carry them but try not to let the bandits know our tactics entirely. Newspapers should propagate our bandit-suppressing policy that combines leniency with suppression, under which the principal culprits shall be punished without fail, those who are accomplices under duress shall go unpunished, and those who perform deeds of merit shall be rewarded. What does it mean by letting those who are accomplices under duress go unpunished? "Letting them go unpunished" means not denouncing them publicly for their crimes or taking no action against them. But it is wrong to release them at once without making inquiries about their past wrong doings. They should after all be given some education. It is only after they acknowledge their crimes and the people go bail for them that they can be released. Generally speaking, desired results have been achieved in the work of suppressing bandits. Developments in Guizhou and Yunnan

are different. Newspapers should pay close attention to the characteristics of every locality. This is where the guiding role of newspapers lies.

With regard to collecting grain taxes, the work was carried out in general on a grand and spectacular scale at the outset but later it turned out that it was difficult to collect such taxes. Wanxian County has solved this problem quite appropriately. Its methods should be given better publicity and commended. This means exercising leadership. Newspapers should lead the masses in delivering public grain through comments, editorials, and a series of reports on the matter.

The situation in leading production is not bad as a whole. Chairman Mao instructed that the new regions strive to maintain their current production levels and avoid letting production slide and the old regions must try to boost production "a little further." This is not an easy job. At present, the peasants have greater enthusiasm for production. However, wasteland reclamation should not be encouraged because it involves tree felling. The most serious problem facing Sichuan at present is that it has few wooded areas. According to the reports from some localities, they redistributed some of the land owned by rich tenant farmers among the poor peasants. It is said that the redistribution of land was done on a voluntary basis. Newspapers should not write editorials to comment this kind of cases. Nor should such cases be spread through newspapers. One important principle concerning production is taking no arbitrary steps. In doing anything where we are not sure of success, we should be a little prudent and make some study before tackling it or write an article explaining the advantages and risks of the measure to be taken so that the people can reconsider the measure from another aspect. This is what leadership means.

Readjustment of industry and commerce is carried out mainly in the cities. Our policy is regulating labor and capital and giving consideration to the interests of both parties. Any other policy will be detrimental to the entire national economy. We should support any private industrial and commercial undertakings beneficial to the national economy and the people's livelihood and encourage the enthusiasm of individuals for production. Those representing capital should improve management and cut costs. Recently, newspapers carried reports about some private cotton mills solving problems. Such stories should be reported in the newspapers. It is necessary to use the examples of private enterprises to exercise leadership over them. We support the progressive and promising private enterprises and help the unpromising ones turn to other lines of production through proper guidance. Readjustment of industry and commerce covers three issues: capital, labor, and the public sector. All readjustments should aim at developing the productive forces. The communist party favors developing society's productive forces. Otherwise, it will run counter to Marxist theory. In Shanghai, a piece of gauze sells for 500 yuan (Note 1: This refers to the old

renminbi circulated in those years. The People's Bank of China issued a new renminbi in favor of the old one on 1 March 1955. One yuan new renminbi is equal to 10,000 yuan old renminbi.) while here it sells for 900 yuan. Who will buy it? Tariff barriers should not be transplanted in the Sanxia (Three Gorges) to establish another feudal rule. It has been said that industrialists and businessmen bear resentment against our policies but they are indeed correcting their attitude. This is a good effort. If they correct their attitude, they will feel that our policies are good for them. Since we are in the process of major reform, destruction is hard to avoid. Extremely irrational management must be done away with and this holds true for speculation. The production of joss sticks and candles, paper money, and other superstitious goods has no prospects. The production of some goods, such as cosmetics should be slashed now but it may be developed 10 years later. We should develop industry and commerce soundly with proper guidance. Stable prices are good for industry and commerce. Recently some loans have been extended on this basis. The extension of credit should be guided and the use of loans specifically defined. For example, we granted a 2 billion-plus [monetary unit not given] loan to the Mingsheng Company and designated it be used to buy coal and repair ships. This helped solve some problems in coal and machine-building industries. After credit is extended, inspection should follow so that it can be used in the proper place. Otherwise, anarchism may arise. If the production of some goods exceeds market demand and the goods become unsalable, this is a problem. Therefore, such production should be switched to the production of other goods with proper guidance.

Employment occurs mainly in big cities. It has been reported that the number of the unemployed in Chongqing is 50,000 people (the city has 250,000 workers); that in Guiyang, 10,000 (the city has 30,000 workers), and that in Chengdu, 20,000. Proper arrangements should be made for and relief given to the unemployed.

To solve the above problems, we can mainly convene congresses of people of all circles. This is the best and most important way of maintaining links with the masses. Rectification of incorrect styles of work should be conducted among cadres and bureaucratism and commandism opposed. Both a painstaking but bureaucratic style of work and a plain-living-and-hard-struggle but commandist style of work should be opposed.

It is necessary to lead the people of various social strata without exception in studying the Land Law, to be published by the central authorities, because it involves all quarters concerned. We should study it well and then we can make preparations for next year's land reform and this year's drive to reduce rents. Newspapers should organize study and discussions so as to make the law known to all people inside and outside the party. Since "ten eyes behold, ten hands point to" (Note 2: See "The Book of Rites, The Great Learning". The original text reads: "What ten eyes behold, what ten hands point to, is

to be regarded with reverence.") and if everybody studies and understands it well, they would not allow cadres act arbitrarily. This will be good for the whole leadership.

The issues discussed above are the tasks of newspapers to exercise leadership. Newspapers should concentrate forces on propagating and implementing the outstanding tasks and may devote a whole page and spend 1 month publishing a series of comments or editorials for that purpose. This will attract people's attention. Whether they have strength or not in so doing depends on both quality and quantity. Quality calls for accuracy and quantity needs to be expanded. Only when all parties concerned concentrate on this work can they have strength.

XINHUA RIBAO has done better recently in conducting criticism and self-criticism. In the past, we reported only the good news and not the bad but now we have reported the bad news as well. This will help overcome complacency and insensitivity. Criticism and self-criticism are where the strength of newspapers lies. In the past, the central authorities praised some newspapers mainly for their conducting criticism and self-criticism and being very clear about what was right and what was wrong and about what should be done and what should not be done. In making criticisms, newspapers should strive to make them complete and offer positive guidance while paying close attention to typical cases: Sometimes, they should intentionally make a comparison between what is good and what is bad. Not being passive, only this kind of criticism and self-criticism can have strength and can help improve work. What is called being vivid and vigorous? By being vivid and vigorous, we mean writing the vivid process of conducting criticism and self-criticism and their results instead of stressing the length of articles written for that purpose. More often than not, some of our criticisms just stay at the stage of presenting problems and offer no further suggestions. The description of the process of criticism and self-criticism should not be tediously long. Criticism and self-criticism should be developed significantly. We have performed quite inadequately in this regard. Party committee and government leaders should give all-out support to reporters in writing critical contributed articles. Now, too few people dare to speak out. We must encourage people to speak out. As for criticisms not commensurate with facts, we should offer advice and make some explanations if necessary.

As far as the leadership is concerned, newspapers are run by all and the same is true of journalists. If newspapers link themselves genuinely with practical work and keep close to the masses and if they are run well, this is the greatest help to the leadership. There are often cases like this: Newspapers can hear what the party and government cannot. They can feel the pulse of society. As for what is the most striking problem at present, so long as we make a comprehensive study of readers' letters, we can very often find it out.

Any task cannot be fulfilled by a single newspaper. Since the subject of contact varies from newspaper to newspaper, therefore, only when all newspapers make efforts on their own part can they spread widely the advocacies of the party and government to people of all social strata.

Tian Jiyun Attends Accord-Signing Ceremony
OW110503 Beijing XINHUA Domestic Service
in Chinese 1123 GMT 8 Apr 88

[By reporter Yu Futang]

[Excerpts] Beijing, 8 Apr (XINHUA)—The State Leading Group for Management of Farmland Development and Construction Fund and the Heilongjiang Provincial People's Government today signed in Beijing an agreement on the joint undertaking of development projects for agricultural commodity production bases in the Sanjiang Plain of Heilongjiang Province. The agreement was signed by He Kang, deputy head of the State Leading Group for Management of Farmland Development and Construction Fund and minister of agriculture, animal husbandry and fisheries, and by Heilongjiang Governor Hou Jie.

Vice Premier Tian Jiyun attended the agreement-signing ceremony. [passage omitted]

The joint development and construction projects are designed mainly to ensure good harvests from existing cropland, transform low-yield land, enlarge the area of paddy field and increase the per unit area yield. [passage omitted]

Chen Muhua Attends Fashion Show
OW110521 Beijing XINHUA Domestic Service
in Chinese 0843 GMT 10 Apr 88

[By reporter Zhou Liang and correspondent Ren Weidong]

[Excerpts] Beijing, 10 Apr (XINHUA)—China's fashion research organization staged a fashion show here today which embodied its predictions for the new trends for clothes for 1988 and 1989: the dynamic, lively, and ethnically colored wardrobe will be in vogue in China in the autumn and winter. [passage omitted]

Liao Hansheng, Chen Muhua, Rong Gaotang, and Minister of Textile Industry Wu Wenying attended today's show.

Yang Dezhi Cuts Ribbon at Exhibition
OW091315 Beijing XINHUA Domestic Service in
Chinese 0951 GMT 8 Apr 88

[Excerpts] Beijing, 8 Apr (XINHUA)—On the 42d death anniversary of General Ye Ting, an exhibition of his posthumous photographic works opens in Beijing. People in Beijing come to see the general's works with great interest. [passage omitted]

Standing Committee member of the CPC Central Advisory Commission Yang Dezhi and Deputy Director of the PLA General Political Department Guo Linxiang cut the ribbon at the opening of the exhibition. Chen Pixian, Zhou Keyu, Zhang Yun, Shi Mengqi, Wang Guangmei, Shi Jiaju, Shen Qizhen, Shao Yu, Lai Shaoqi and Wu Zhili visit the exhibition accompanied by Ye Ting's children Ye Zhengda, Ye Zhengming, Ye Huaming, and Ye Jianmei.

Ye Ting was imprisoned by the Kuomintang reactionaries after the Wannan Incident. He was not released until 4 March 1946 with the help of the CPC Central Committee. He died in a plane crash in Shanxi's Xingxian County on his way from Chongqing to Yanan on 8 April at age of 50.

PLA Departments Hold World Affairs Symposium
OW080909 Nanjing Jiangsu Provincial Service
in Mandarin 1015 GMT 6 Apr 88

[Text] China's position in the modern world and ways and means to achieve its four modernizations in the highly competitive world will be the topics of an all-Army symposium on contemporary world political and economic affairs and international relations, which opened at the Nanjing Institute of International Relations today. The symposium is sponsored by the PLA General Political and General Staff Departments.

Experts, scholars, and teachers from the Chinese Academy of Social Sciences, the Beijing Institute of International Strategy, all PLA general departments, military regions, and arms and service, and colleges and academies under the Commission for National Defense Science, Technology, and Industry will make a thorough exploration of the topics. Li Shenzhi, vice president of the Chinese Academy of Social Sciences, (Xiong Guang-kai), permanent member of the Council of the Beijing International Strategy Association, and six other Army and civilian experts on international affairs will deliver papers on the international situation as well as offer guidance in research.

First Quarter Sees Increase in Export Volume
OW101040 Beijing XINHUA in English 1606 GMT
8 Apr 88

[Text] Guangzhou, April 8 (XINHUA)—China's exports in the first quarter of this year came to 9.55 billion U.S. dollars, XINHUA learned from national conference on exports being held here.

This means that in the first three months of 1988 China exported a daily average of 100 million U.S. dollars worth of goods.

More Counties, Cities Opened to Outside World
OW091015 Beijing XINHUA Domestic Service
in Chinese 0011 GMT 8 Apr 88

[Text] Beijing, 8 Apr (XINHUA)—The State Council made a decision yesterday to further expand the scope of the coastal economic region opened to the outside world.

In this regard, the State Council distributed a circular to all provinces, autonomous regions, and municipalities and to its own departments concerned. The circular said that the State Council has decided to expand the coastal economic development region appropriately to carry out the economic development strategy for coastal areas, bring their favorable conditions into full play, develop the export-oriented economy vigorously, and promote the socialist modernization of our country.

It is learned that an additional 140 cities and counties are now included in the coastal economic region opened to the outside world. They include three provincial capital cities, namely, Hangzhou, Nanjing, and Shenyang.

According to the Special Economic Zones Office of the State Council, this action has expanded China's coastal front remarkably for opening to the outside world made up by special economic zones, coastal cities, and the coastal economic region. It has brought the number of cities and counties involved to 288 and expanded the total area to about 320,000 square kilometers. The population on this coastal front now totals 160 million.

Futures Trading Centers Establishment Proposed
HK110801 Shanghai SHIJIE JINGJI DAOBAO
in Chinese 14 Mar 88 p 15

[Article by Teng Dexiang (3326 1795 4382), Song Baoxiang (1345 1405 4382), and Pi Shenghao (4122 5116 3185): "Ideas On Setting Up On a Trial Basis Agricultural and Sideline Products Futures Trading Centers"]

[Text] Editor's Note: To perfect the market mechanism and borrow practices common in the international commodity economy—this is an important task in the reform of our economic system. For a long period, great fluctuations in the prices of agricultural and sideline products and many means of production have posed a problem disturbing our economic life. Some research personnel of the College of Foreign Economic Relations and Trade, the International Research Institute under the China International Trust and Investment Corporation, the Zhongyuan Trading Company, and so forth made a relatively long study of the futures trading system abroad and put forward the idea of running an agricultural and sideline products futures trading center on a trial basis in our country, in order to solve such problems in our country as fluctuations in the prices of agricultural and sideline products, the difficulty of making foreign trade-related purchases, and macroeconomic regulation on a blind basis. A central leader said in a written note

that this "is a direction," and referred the matter to relevant departments for a continuous study. Now an excerpt of the relevant article is given as follows for the benefit of readers. [end editor's note] We have reformed the economic system and energetically developed the planned commodity economy, letting the market regulating mechanism guide production and enabling the whole process of economic development to show new vitality. But it should also be noted that many worrisome problems still exist in the macroeconomic control and microeconomic operation of our national economy. The relations between the two have not been smoothed out. The mandatory plans, or regulatory and control measures formulated by the state are still of a relatively blind nature. As a guide to producers, especially those relatively slow to get hold of information and not good at adjustment, the market is still of a relatively backward nature. Erratic prices caused by a not well developed market have brought about great fluctuations in the production of many agricultural and sideline products. This was true of cotton production a few years ago. The idea of introducing futures trading in our socialist commodity economy and establishing a commodity futures market to perfect the market regulating mechanism provides a good way to solve the above problems. We assume that an agricultural and sideline products futures trading center can be established in some traditional agricultural and sideline products collection and distribution areas.

The Characteristics and Nature of the Commodity Futures Trading Center [subhead]

Unlike spot purchases or sales, commodity futures mean paying a small amount of premium for the right to conclude a deal in a certain quantity of goods of given quality in a specified area at a designated future date, with the balance of unpaid amount settled. Futures trading is not an exchange of goods for immediate delivery and is instead trading in futures contracts. Futures contracts (futures agreements) are legal documents signed by buyer and seller through the exchange. The buyer is to accept a given quantity of goods of specified quality delivered by the seller at a designated place at the agreed price.

In foreign countries, futures trading is a large-scale commercial activity with a long history. Futures trading abroad is conducted through the commodities exchange (the exchange also handles some spot commodities trading apart from futures trading). The exchange is the center for futures trading. It is estimated that 15 percent of the volume of world trade is conducted through the commodities exchange. About 85 percent of the world market prices of agricultural products are determined by prices in transactions completed on the appropriate commodities exchanges.

In capitalist countries, many futures exchanges are run by private companies. Those companies operating an exchange do not get involved in trading activity themselves: They just provide a place and services for trading

activity. Our projected futures trading center is neither an administrative department of the state nor an enterprise organization with money-making as its aim.

Instead, it is an organization as a medium between the state and the enterprise and is an institution with the status of an independent legal entity. It is just a member carrying out futures trading (nonmember companies and individuals are to trade through the member) that provides the place for the exchange and various services. He does not participate in exchange activity in any way. Meanwhile, he is to assist the appointed person posted by the government department at the trading center in exercising supervision over trading activity. Operating funds for the trading center come chiefly from membership fees paid by members and the management fees and service charges collected in trading.

The Functions of the Futures Trading Center and an Analysis and Its Pros and Cons [subhead]

The establishment of a commodity futures market allows the discovery of competitive prices and the counterbalance of the risk of commercial prices and is conducive to the circulation of funds and the distribution of resources. It represents an important measure to solve existing problems in regard to the production, supply, sale, and prices of staple agricultural and sideline products. Concretely speaking, the commodity futures market has many functions. Such basic features as large quantities being supplied to meet demand, the quantity needed to meet demand being difficult to determine, production being liable to suffer from natural conditions that mark agricultural and sideline products have caused many producers of agricultural products and those units dealing in such products to face sharp fluctuations in prices and the risk of an uncertain future. The operation of the futures market can provide protection for the producers of commodities and relevant operators, thus stimulating the development of the production of certain commodities. For example, there is a given period from the signing of a futures contract to the concrete completion of the deal. This gives both buyer and seller relatively great flexibility. Those producers, processors, or dealers prepared to effect deliveries at specified times can have protection with confirmed orders for products, or with prearranged deals. This helps peasants in arranging production, domestic commercial organs in arranging orders, and foreign trade export enterprises in arranging purchases. The futures market has the function of giving the signals of prices, predicting trends in commodity prices, and setting standards for future prices, thus guiding the production of commodities and their relevant marketing activities.

The futures market provides protection for the interests of producers, distributors, and consumers. This especially lies in taking advantage of different periods of time to protect value through futures trading. The trader plays the role of the buyer or the seller in the spot market and the role of the seller or the buyer in the futures market,

effecting transactions in opposite directions in the same quantity of the same commodity at proper times (or with one trade offsetting another). The aim of trading this way is to eliminate or reduce the risk of fluctuation in commodity prices. Because the prices in the spot market and the futures market rise and fall generally in the same direction and to the same degree, a loss incurred in the spot market can be offset through the futures market. On the contrary, a profit obtained in the spot market can appropriately make up for a futures market loss. The futures trading center is a spot for fair trading between many buyers and sellers. Buyers and sellers trade on the basis of free competition, thus protecting competition and guarding against monopoly. Because the futures market is a place for fair competition, there are a relatively large number of buyers and sellers. This enables market prices to basically reflect the real relations between supply and demand. On the other hand, price changes will also bring about a balance in supply and demand. Such a regulating function of the futures market, from a short-term point of view, helps in eliminating "black market" trading now actually existing in our country, and serves to standardize (or unify, but not artificially) the purchase and selling prices of certain commodities for export consumption and avoid the bad phenomenon of procuring export commodities in short supply at high prices and selling them at low competitive prices, thus solving the long existing contradictions between sales for domestic and export consumption and between different marketing enterprises.

Because futures market traders carry out transactions on the basis of price trends, market information and price signals can play a full role in guiding production and consumption. This undoubtedly has a great stimulating effect on turning our enterprises into entities and on the process of transforming our agricultural planning system from mandatory to guiding planned management. From a long-term point of view, the establishment of this competitive futures market will stimulate a reform of the whole domestic pricing system. The problem of domestic market prices being long not linked to international market prices will be gradually solved.

By summing up these fundamental functions, we can see that the establishment of the futures market is an effective means to take care of big fluctuations in the prices of staple agricultural and sideline products and in production and is an important link in cultivating and perfecting the market regulating mechanism. As far as conditions about the operation of the futures market are concerned, what both buyers and sellers chiefly trade in are futures contracts (futures agreement). What is usually called trading on the long or short side is involved. This often leaves people with the impression that what goes on at the exchange has all to do with profiteering and speculation, with people pursuing personal gains and furthering their own interests by every means without regard to morality. In fact, this is quite a big case of misunderstanding. According to relevant data, on all the existing futures exchanges in the world, trading

prompted by protection of value to guard against price fluctuations dominates as the main trend. Those people (or enterprises) that play the market speculatively are the very ones onto whom traders motivated by protection of value shift the risk. Speculators care to take risks, because they expect to make profits. Speculative profits compensate for the risks that they assume.

Conditions and Concrete Ideas for the Establishment of the Futures Trading Center [subhead]

In light of the features and functions of the futures market and the general law governing futures markets established by various countries and relevant fundamental conditions, we may consider the trial operation of agricultural and sideline products futures trading centers in Zhengzhou City of Henan Province, Wuhan City of Hubei Province, and some traditional agricultural products collection and distribution areas. We may consider doing things in stages. First, we should strive to establish in 3 or 5 years an organized futures trading market in the country, starting with one commodity and then gradually adding to the variety. Second, we should link futures trading gradually in one or two commodities with the international futures market, and spend another 5 years or so to turn our futures trading center into an international futures trading market, doing so on the basis of accumulated experiences, an ever deepening domestic reform, and the gradual ripening of other conditions.

The tentative agricultural and sideline products futures trading center is an organization as a medium between the government and the enterprise. It has the independent status of a legal entity. Official members are for the time being just limited to Chinese state and collective enterprises judged to be qualified. Funds for operating the trading center are subscribed and paid by members. The trading center has an executive committee with its members elected democratically. The executive committee undertakes to take care of the normal business of the trading center, including the formulation and revision of trading rules, mediating disputes, specifying minimum cash deposits and minimum commission fees (service charges), supervising trading activities on the exchange, determining the volume of trade in commodity futures and relevant quality, and so forth.

The whole futures trading center will be composed of the commodities exchange, the commodities clearing house, brokers, or dealers, and traders for their own accounts.

The commodities exchange is made up of brokers. Official members have the right to appoint dealers on the market to do direct buying and selling on the exchange. Unofficial members cannot appoint market dealers and must trade on the exchange through other official members.

The clearing house provides guarantees and settlements for the futures exchange. Meanwhile, it carries out the procedures about receipt and delivery. Futures trading

must be done through a market representative (broker or dealer). The procedures for the deal are considered to have been finished after it is settled by the clearing house. And only in this way can it be provided with a guarantee from the clearing house. (Those involved in the study and discussion of this theme are also: Zhou Xiaochuan, Zhu Jiaming, Fang Fenglei, Qiu Nianzhu, Tian Liwei, Zhou Baoji, and Dai Xiaojing).

Economists on Price Hikes, Price Control
OW090759 Beijing XINHUA Domestic Service
in Chinese 2346 GMT 6 Apr 88

["Report by Reporter Cheng Wenquan: Causes of Commodity Price Rises, and Measures for Stabilizing Commodity Prices—Views of Economic Theorists in the Capital"—XINHUA Headline]

[Excerpts] Beijing, 7 Apr (XINHUA)—Delivering his government work report at the First Session of the Seventh NPC, Acting Premier Li Peng pointed out: Under the impetus of reforms and opening to the outside world during the past 5 years, China's national economy continued to grow and the general situation was good. The prominent problem in China's economic and social life lied in the excessive increases of commodity prices for several years, which has retarded the improvement of people's livelihood, and lowered the actual living standard of people in some cities.

Commodity prices certainly have become a problem that concerns people. Over the past few days NPC deputies and CPPCC members have presented their views and suggestions regarding price reform and price control. To explore the causes of price rises and measures for stabilizing commodity prices, this reporter has interviewed a number of economists in the capital. They maintain that price rises have been a problem since the founding of the Republic, only that it has appeared in different forms at different stages. [passage omitted]

These economists maintain that the causes of price rises are highly complex and cannot be explained merely by saying that gross demand has exceeded gross supply, or that there is an oversupply of currency. Their theories on price rises are as follows:

The Theory of Structure [subhead]

Wang Jian, deputy research fellow of the Institute of Planned Economy under the State Planning Commission, believes that the nation's price rises are related primarily to the "dualistic structure" created by the old system of the past 30 years. In the past, he says, we developed heavy industry with surplus products in the rural areas and forced the surplus labor in the rural areas to stay there. Such being the case, the surplus labor that accumulated in the rural areas over a long period became a force with the potential of expanding outward. Once the control of this force was removed, it moved to the nonagricultural sectors along with the key elements of

production. Consequently, the move has reduced the peasants' agricultural input, lowered agricultural output, and widened the gap between supply and demand of agricultural goods. On the other hand, it has greatly expedited the development of processing industry, constantly increased the burden on the basic industry, and widened the gap between supply and demand of basic industrial goods. This is why the increases of the prices of agricultural goods and basic industrial goods are most conspicuous during the current price rises.

The Theory That Price Rises Are Not Caused by the Oversupply of Currency [subhead]

Chen Zhao, director of International Banking Office under the Banking Department of the Central Finance and Banking Institute, says: To a great extent, the price fluctuations that have appeared in China in recent years may be caused by factors other than money supply. He maintains that the nation's price rises are caused by two factors:

1. China is now in a period where the consumption pattern is undergoing drastic changes, and production restructuring has failed to keep pace with the changes owing to organizational, institutional, and market restrictions, which have caused sharp contradictions between supply and demand on the market. The frictions between quick changes in the consumption pattern on the one hand and the slow changes in the supply pattern on the other are the cause of sweeping price increases.

2. The abnormal development of commercial organizations has caused abnormal increase of the cost of commodity trade and profits. Under the old system, China's tertiary industry was exceedingly weak; thus once the state relaxed its administrative control over activities within the circulation sphere, the relaxation inevitably brought about dramatic increases of profits in the commercial sector. The appearance of large numbers of collective and independent commercial organizations since the beginning of reforms has everything to do with the lure of handsome profits. Since most of these independent and collective commercial organs distribute their goods in small quantities individually, they have jacked up both the circulation cost and the prices of consumer goods.

3. The incompatibility between the periods of the nation's industrial growth and the periods of its agricultural growth can more often than not cause price fluctuations. For example, when agricultural growth was low after 1985, industrial growth remained high, thus stimulating high demands for agricultural goods. Because of such an incompatibility, price increases of agricultural and sideline products in 1987 was inevitable.

The Theory of Periodic Fluctuations [subhead]

Cheng Xiaonong, deputy director of the Comprehensive Studies Department under the China Institute of Economic Structural Reform, believes that increases of food prices in 1987 reflect the periodical fluctuations of agricultural production.

He says China's agricultural production fluctuates once every 4 to 5 years and changes in market prices are the main reason for the fluctuations. Because of bumper agricultural harvests in 1982 and 1983, prices of feed grain dropped sharply in 1984, causing lower food output in 1985. Inexpensive feed grain made pig raising very profitable. Because of low prices of feed grain in 1984, pig production reached a peak in 1985, when grain production hit bottom. Because of these two factors, food prices increased sharply in 1986 and grain production began to rise, holding down the price parities between feed grain and pork, and pig production hit bottom. Just when pig production shrank, people were eager to improve their diet, and their high demand for food sharpened the contradiction between supply and demand, causing price rises in 1987.

What countermeasures should be taken to stabilize commodity prices? The diverse and rational views expressed by the economists are indicative of the complexity of China's commodity price problems.

Deal with the Periodic Commodity Price Fluctuations by Means of Economic Measures [subhead]

Tian Yuan, executive assistant of the Center for Economic, Technical, and Social Development under the State Council, and head of the center's Price Group, maintains that understanding the law of periodic economic fluctuations is essential for dealing with how such fluctuations influence commodity prices, and then take proper measures to alleviate—not exacerbate—such fluctuations. Take pig production, for example. Owing to relatively high market prices for pigs and fairly low prices for feed grain in 1987, the peasants felt pig raising was profitable. Under such circumstances, if the state continued to provide pig raisers inexpensive feed and other preferential treatment, the pig raisers would be likely to have problems in selling their pigs following a sharp increase of pig output this year and the next. Secondly, the price fluctuations on the spot market may be resolved by futures. [passage omitted]

Stabilize List Prices, and Decontrol Market Prices [subhead]

Cheng Xiaonong, deputy director of the Comprehensive Studies Department under the China Institute of Economic Structural Reform, maintains that China's intermediate and short-range commodity price policy should be primarily one of stabilizing list prices and decontrolling market prices so that consumption can be guided by market prices. [passage omitted]

He says: While we should acknowledge and protect consumers' vested interests in being able to purchase a certain amount of goods at list prices, they must pay market prices for additional quantities, which should be regulated by the price law and supply. For this reason, the state must control list prices so that consumers can be sure of obtaining a certain amount of nonstaple food by paying list prices. But if they want to have more and better food, they must be ready to pay market prices for it. The state must decontrol market prices, and if it controls market prices as well as list prices, it will curtail supply eventually, stimulate consumption, and trigger prolonged price rises, even though it may be able to stabilize the prices for a while. [passage omitted]

Tighten Short-Term Control and Readjust Long-Term Reform [subhead]

Chen Zhao, director of the International Banking Office under the Banking Department of the Central Finance and Banking Institute, maintains: To stop the momentum of price rises, short-term measures should be that of tightening control indirectly. This means that, instead of restricting the amount of credit, banking facilities should raise interest rates for savings and loans and use this means to control the money enterprises can borrow. The fundamental solution to commodity price rises lies in reforms and readjustment.

He says: China's interest rates today are too low, and low interest rates are a big incentive for greater investment and consumption. International economic development also shows that low interest rates have a very bad influence to developing countries' economic development, because low interest rates not only encourage reckless investment, but will also seriously discourage saving and impair the capacity for accumulating the needed capital, thus causing serious investment problems and jacking up commodity prices. As far as China is concerned, raising interest rates by a great margin is a measure China must take. For long-term measures for slowing down commodity price rises, the nation must quickly set up some large and efficient marketing and retailing networks so that the cost of commodity transaction and intermediate fees can be lowered, and so that profits from commercial businesses can be rationalized as quickly as possible. [passage omitted]

Improvement of People's Livelihood Lies in Economic Growth [subhead]

Chinese people's living standards improved substantially during the 1982-87 period, thanks to the annual average GNP growth of 11.1 percent during the period. During that 5-year period, the per capita income of peasants increased from 270 yuan to 463 yuan, and the per capita income of urban residents increased from 494.5 yuan to 916 yuan. After adjustment for price rises, the living standards of peasants and urban residents increased by an average of 8.6 and 6.3 percent annually. The economists note that these figures are ample proof

that improvement of people's living standards can only be achieved on the basis of economic growth, and that unilateral emphasis on "stabilization of commodity prices" would impede economic growth and improvement of people's livelihood. [passage omitted]

Comrade Liu Guoguang, vice president of the Chinese Academy of Social Sciences and a renowned economist, maintains that the principle of "stabilizing commodity prices" should not be forsaken because relative stabilization of commodity prices is essential for a steady development of the economy as a whole. Stabilizing commodity prices, he says, does not mean freezing commodity prices, and people should be helped to correct this misconception that the two are the same so that they can accommodate price changes in the course of reforms. While we should maintain a steady economic growth, he says, we should emphasize more on higher returns because only by doing this can China have a steady, long-term economic development.

Democratic Parties Urge Central Bank Independence
OW091815 Beijing XINHUA in English 1604 GMT 9 Apr 88

[Text] Beijing, April 9 (XINHUA)—The People's Bank of China, the country's central bank, should be free from administrative interference.

This was proposed to the central authorities by two of China's democratic parties, the China Democratic National Construction Association and the All-China Federation of Industry and Commerce.

The two bodies based the proposal on the fact that the People's Bank of China has failed to effectively control inflation.

Since 1984, the money supply and the amount of loans extended has exceeded the growth of the national economy, and this has caused prices to soar.

The proposal attributes this to the fact that the bank is a government organ operating directly under the State Council and, as such, it is impossible for the bank to operate independently.

While calling for more independence for the bank, the two parties suggested that deficits in state revenue should be made up by increasing taxes, reducing expenditure and issuing state treasury bonds rather than bank overdrafts.

Capital Investment Up Slightly in 1988
HK110903 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 11 Apr 88 p 2

[Text] There was moderate growth in capital investment in China in the first two months of this year.

Investment by State-owned businesses in capital construction in January and February was 5.95 billion yuan, up 8.4 per cent over the same period last year. Investment in transformation and renovation hit 2.28 billion yuan, up 9 per cent.

Of the investment in capital construction, productive construction investment accounted for 80.6 per cent, compared with 70.7 per cent in the same period last year, to reach 4.8 billion yuan, up 23.4 per cent. Investment in on-productive construction accounted for 19.4 per cent, down from 29.3 per cent last year, to reach 1.16 billion yuan, down 28 per cent.

Investment in residential housing was 422 million yuan, 36.5 per cent of the investment in non-productive construction.

In the first two months of this year, there were 12,355 State-owned capital construction projects, a decrease of 2,167 from the same period last year. The floor space of buildings under construction was 54.68 million square metres, down 21.5 per cent. About 18.76 million square metres of it was residential, down 34.1 per cent.

About 4.47 million square metres was completed, up 191.5 per cent. Of this, 1.03 million square metres was residential, up 48.1 per cent.

Vice Minister on Institutional Purchases
OW081017 Beijing XINHUA Domestic Service in Chinese 0633 GMT 6 Apr 88

[By reporter Wang Yingchun]

[Text] Beijing, 6 apr (XINHUA)—How to control institutional purchases efficiently has become an important task for the state this year. Xiang Huaicheng, vice minister of finance, pointed out that the key to the problem lies with leaders at all levels that can set examples in practicing and encouraging frugality and in performing official duties honestly.

Statistics showed that institutional purchases in last year amounted to 55.3 billion yuan, more than double that of 1983, which indicated a serious case of premature spending. Not long ago the State Council issued an urgent circular requesting this year's institutional purchases to be reduced by 20 percent. The first 2 months of this year saw an increase of 22.5 percent of institutional purchases over the same period of last year. At today's national work meeting on controlling institutional purchases, Xiang Huaicheng held that some leading organs, which took the lead in ostentation, extravagance, and leading a wasteful way of life, are responsible for inflated institutional purchases. Leaders of some departments ride in cars that get more and more fancy; build more and more luxurious office buildings, hostels, guest houses, and sanatoriums; and even become increasingly fastidious about their stationery. Some leaders indulge themselves in sight-seeing and banqueting in the name of attending

meetings. In regions where people still face the problem of insufficient food and clothing, some leading organs even diverted funds earmarked for the poor or relief funds to construct sumptuous hostels and buy sedans, which created a very bad influence among the people. Xiang Huaicheng believed that such a trend should be checked first. He said: Leading organs and officials at all levels should set an example in implementing the guidelines of the urgent State Council circular and be a model of practicing strict economy and performing official duties with honesty.

Xiang Huaicheng said: To bring institutional purchases under control, we must enhance management of purchasing quotas. Every locality and department must, in line with the requirements of the State Council, examine institutional purchase quotas at all levels and strengthen supervision of purchases by units both operating under or outside the budget. In principle, quotas should also be set for group purchases by village and township enterprises, as well as neighborhood enterprises in cities. Specific measures in this regard should be drawn up by localities. Every unit should work out a purchase plan, incorporate it into its budget or financial plan, and lay down self-control measures.

Xiang Huaicheng said: Purchases of special commodities under state control, no matter with what kind of funds, should be reviewed and approved by organs controlling institutional purchases. A clear distinction should be made between goods for production and non-production use to prevent the purchase of controlled commodities under all sorts of pretexts for nonproduction use; prevent unjustified issue of all sorts of "welfare" goods in the name of allocating articles for labor protection; and, especially, prevent capital construction contracting units from covering up illegal purchases of controlled commodities by ascribing them to package construction costs. He stressed the work to strengthen control over quotas for cars. Local departments in charge of institutional purchases have the power to disapprove illegal allocation of cars by central state departments. He noted that, to further increase the potential for reducing group consumption, organizations, enterprises, and institutions should gradually make their service facilities, certain luxurious equipment, and vehicles available to the public.

Reformation of Food Subsidies System Urged
HK110441 Beijing JINGJI RIBAO in Chinese
11 Mar 88 p 3

[Article by Jiang Zhongyi (5592 0022 0001): "The Form of Basic Food Subsidies Needs To Be Reformed Urgently"]

[Text] During the last 3 years, grain consumption in our country increased at an unprecedentedly high rate, which was twice as large as the average growth rate of grain production in normal years. In particular, the grain

used for making alcoholic drink increased by 24.3 percent each year; and the grain used as animal feed also increased by 12.4 percent. Since 1980, the per capita meat consumption in the whole country has increased by 2 in a year; and the per capita consumption of poultry and eggs has increased by 1 in a year. All this has added unbearable pressure to agricultural production.

Under the present price system, grain is purchased at a low price, and is sold at an even lower price. Residents in large and medium-sized cities can be subsidized when they buy meat. This subsidy system has obviously resulted in restraining production, stimulating consumption, and even encouraging waste. However, if this grain purchase and marketing system is changed, food prices may rise. This crucial and sensitive issue has led to heated debates among people with different viewpoints. The main issue is at the current economic development stage, whether industrial development should continue to rely on accumulating funds on the basis of low prices for agricultural products.

As for this issue, there are mainly three kinds of opinions. The first opinion holds that although the modern industrial system in our country has taken shape, there are still no ripe conditions for thoroughly changing the pattern of relying on the accumulation provided by agriculture. The second opinion holds that agriculture has provided hundreds of billions of yuan for industry in the past, and now in order to adjust the imbalance in the relationship between cities and the countryside, the countryside should not continue to shoulder the burden of accumulating funds for industry. The third opinion holds that the historical experience of the advanced countries in the world showed that when economic development reaches a certain level, importance must be attached to protecting agricultural development, and funds should be provided by industry to support the development of agricultural modernization. Now our industry should have the ability to support agriculture. The above three opinions all have theories to support and prove themselves. They all acknowledge a basic point. That is, if agricultural products, especially grain and meat, are supplied to cities at low prices, agriculture is still playing a role of accumulating funds for industry.

From 1953 to 1978, the real wages of workers in industrial enterprises increased merely by 0.2 percent a year; while productivity increased by an average rate of 3.8 percent a year. The growth rate of labor productivity was 19 times as high as the growth rate of wages. The low wage income of the worker did play a decisive role in the enterprises' making of profits. In the same period, the low growth rate of wages was basically in keeping with the low price index of the daily necessities. The retail price of grain rose by 1.1 percent, with the per capita annual consumption of grain in the whole country remaining around 220 kilograms and the per capita annual consumption of meat increasing by merely 0.5 jin. Things began to change greatly in the 1980's. In this period, the real wages of urban workers increased sharply

by 3.8 percent a year, while the average annual growth of labor productivity was merely 4.5 percent. The growth rate of productivity was merely 118 percent of the growth rate of wages. This obviously showed that the stage of accumulating funds by relying mainly on low wages had come to an end.

Wages were increasing much faster than the productivity grew, but at the same time, food grain for urban residents were still sold at a rather stable and low price. The supply of daily necessities at low prices was no longer related to the stability of wages at a low level. The rapid growth in wages has become a major reason for the rise in the costs of the products. Now, the supply of daily necessities at low prices can play little role in maintaining the accumulation level of the industrial enterprises; instead, the government still has to bear the burdens of giving billions of yuan of subsidies to maintain the low prices. Anyway, things have changed fundamentally.

Through the economic structural reform in recent years, the industrial accumulation form and investment pattern, as well as the entire economic process, have been changed basically. In the past, under the old planning structure, the supply of agricultural products at low prices became the sources of accumulation, and the government had to tightly control the level of actual wages of urban workers, and at the same time, control tightly the prices of industrial manufactured goods, including the industrial goods for agricultural use. Through such double controls, the profits of the industrial enterprises were concentrated mostly in the hands of the central government through the financial channels, and then the central authorities allocated investments to different production departments in light of the planned targets. The banks only formed a circulation channel for the investment funds distributed according to the state plans. Now, the major reform measures in the past 8 years have changed the above-mentioned process. The banks have been separated from the state financial department, and have become independent economic entities and main investment entities. With the adoption of the financial responsibility system, local governments have expanded their own financial resources. With the profit-delivery system being replaced with tax payment system, the industrial enterprises have gained greater decisionmaking powers in their business operation. The economic structural reform has resulted in the diversification of the investment entities, and after the price reform, a large part of the funds will move in light of the price signals. The main sources of investment will be savings of enterprises and residents. After such changes in the economic process, the supply of daily necessities at low prices will not be the source of accumulation.

At present, the supply of food grain and meat for urban residents at low prices has become a kind of welfare treatment that the state gives to the urban residents. In the 1950's and 1960's, the average monthly per capita income of urban residents in our country was less than

20 yuan, and they had to pay one-quarter of their income for buying food grain. In 1964, households with a per capita income less than 20 yuan accounted for 60 percent of the total. At that time, supplying food grain and other non-staple food for urban residents was a basic policy for ensuring the people's livelihood. However, in 1986, the average monthly per capita income of urban residents was 69 yuan, and they only paid 8.1 percent of their income for food grain. Households in the lowest income group with a per capita income of 20 to 35 yuan accounted for merely 5.7 percent of the total, while 63.3 percent of households could earn a per capita income of over 60 yuan. When the income of the urban residents had become 3.5 times as much as that in the 1960's, all-around welfare subsidies for their daily necessities remained unchanged. This not only led to an abnormal consumption structure in cities, but also deformed the production structure. The distribution of the resources still had to rely on strong government interference. As a natural result, peasants now have no enthusiasm for planting grain crops and raising pigs, and urban residents consume foodstuffs excessively. This pattern of distributing resources and incomes will only achieve adverse economic results.

Therefore, it is now the time to decontrol the retail prices of foodstuffs and to subject the supply and demand of foodstuffs to the regulation of the market mechanisms so that urban residents use their own incomes to cover the expenses of improving their food quality. This reform measure is not an issue of whether agriculture should continue to provide accumulation, but is an issue of whether the welfare treatment in the distribution of daily necessities to the urban residents should be maintained at the current development stage in a low income country such as ours.

When discussing this issue, we should consider whether the current welfare-style distribution pattern can help form a reasonable production structure or not; whether this distribution pattern that intensifies the imbalance between the incomes of urban residents and of peasants will be conducive to the adjustment of current relations between cities and the countryside or not; and what distribution pattern a low income country should adopt to guide the national consumption and accumulation. At present, we must introduce resolutely the market mechanisms to regulate the supply and demand of foodstuffs, should raise the grain purchase prices gradually and narrow the gap between the purchase price and the marketing price gradually in light of the state financial capacity and the bearing capacity of the consumers, and should really decontrol and enliven the supply and marketing of the surplus grain beyond the scope of grain purchase contracts. At the same time, we should take steps to change the grain subsidies for all urban residents into social welfare subsidies for some people with low incomes. At present, it is necessary to sell the part of grain outside people's grain rations at market prices rather than at the fixed official price. The government should only guarantee the supply of a limited quantity of

meat at a low price. All these reform measures undoubtedly will have a fundamental bearing for our future modernization process in a country with rare land resources, and we should advance them resolutely.

Areas Sown With Farm Crops To Expand
*OW091137 Beijing XINHUA in English 0713 GMT
7 Apr 88*

[Text] Beijing, April 7 (XINHUA)—China will increase the areas sown with farm crops by 0.6 percent this year over last year, according to the State Statistics Bureau.

The areas sown with grain will be same as last year, but the cash crop area will be up 3.8 percent, and that of other farm crops up 2.4 percent.

According to the Bureau, 15 provinces, autonomous regions and municipalities will increase their crop-growing areas, while 14 will slightly reduce theirs.

Areas under Chinese sorghum will be expanded, but those under maize and soybean will be decreased.

Areas sown with cotton and sugar beet this year are expected to expand by 10.4 percent and 9.8 percent, respectively, but acreage will drop slightly for oil-bearing crops, and hemp and flax.

Call for Body To Control Farm Product Prices
*HK090450 Beijing CHINA DAILY in English
9 Apr 88 p 4*

[By Zhang Xiaogang]

[Text] The problems surrounding agricultural production, food supply and diet patterns are unlikely to be solved unless the government establishes an inter-ministerial committee to co-ordinate the prices of farm products nationwide.

Economist Zhou Qiren and his colleagues at the Research Centre for Rural Development told this to CHINA DAILY after reviewing the situation of Chinese agriculture.

China's grain output has failed to improve for the last three years, and a shortage of foodstuffs has triggered rapid price rises in the cities.

It is noted that perhaps all leading economists at the research body tend to agree with Zhou's proposal; namely, to have an authoritative government institution combining long-term strategic research, market surveys, reform experimentation and decision-making.

Otherwise, farming—still "the basic sector of the Chinese economy" as Zhou called it—would not be able to progress at a steady rate.

A balance of supply and demand for farm produce would be practically unthinkable without dealing comprehensively with all the causal factors of the current agricultural problem, Zhou said.

The proposed government committee, Zhou suggested, should be more effective in monitoring the markets of farm products and promptly readjusting the government's procurement prices for commercial grain and other crops in the countryside and food prices and subsidies in the cities.

By readjusting the procurement prices, he said, the committee can help farmers decide what to plant and how much to produce, to avoid the glut of some farm commodities and shortages of others.

Chinese agriculture is still operated on a household basis. The managers of small-scale farms have little idea of market trends and often miss the best opportunities to turn out what is most needed at a particular time in the urban areas.

During the slowdown in agricultural development in the last three years or so, either farmers were adversely affected by gluts of grain, cotton or hogs, or urban customers suffered from short supplies of foodstuffs and inflation.

In early 1984, no one informed farmers of the already high levels of stored grain and little readjustment of grain procurement prices was made.

But, all of a sudden, grain sales after the harvest season became so difficult that many farmers turned out to have an unprofitable year. Some of them even committed suicide, Zhou said.

In 1986 and 1987, little was done to organize the supply of farm materials. Wild free market speculation in fertilizers dampened the enthusiasm of farmers when the government expected an increase in grain yields.

During elections for local people's congress deputies, some farmers wrote down "fertilizer, diesel oil and pesticide" on their ballots. "Relations between farmers and the government became considerably tense," PEOPLE'S DAILY reported.

The new committee, Zhou expected, could prove helpful in implementing the government's yearly purchase programmes for commercial grain and other food products.

At the same time, he noted, some factors in the present agricultural problem do not necessarily exist within the farming sector itself.

The pork shortage, for instance, doesn't exist in rural areas, the supply of pork is not rationed even in such big cities as Guangzhou and Chengdu. But it has become of widespread concern in big cities like Beijing, Shanghai and Tianjin.

So what the city-dwellers call an agricultural crisis must have much to do with factors in their environment rather than in the countryside, Zhou said.

His explanation is that much of the "crisis" stems from the existing economic structure. The structure, though undergoing reforms, still cannot adapt itself to the interplay of so many different interests, such as those of farmers, urban customers, regional authorities and central government.

The agriculture problem is made worse by the irrational welfare system in the cities, Zhou said.

Therefore, he identified China's agricultural problem as being caused mainly by the undorkable economic structure, instead of hunger, over-production or a real setback in rural development.

Thus far, the government has kept providing subsidies for food provisions for urban residents. But it simply has no capacity to do so in the long run, considering the fact that the food-related subsidies now almost double the country's education budget, he said.

Gao Xiaomeng, another economist at the Research Centre for Rural Development, said: "The only solution, I'm afraid, is to let urban customers join with the government and farmers in bearing the cost of the increasing demand for agricultural products."

However, they stressed, the existing subsidy systems are full of loopholes and defects. As part of the urban welfare programme, it is bound to be reformed anyway.

The proposed government committee can make this reform feasible by identifying the poorer urban households (those who do need further subsidies) by virtue of scientific surveys.

It is estimated that some 10 percent of China's urban population have difficulties in supporting themselves, Gao said.

But, he said, China cannot have such a subsidy scheme in which it subsidizes all urban residents, including transient residents from the countryside.

On the basis of reliable surveys, the new government institution can work out more appropriate rules for urban grain subsidy provision.

At the same time, it can help customers develop a diet pattern suitable to the country's limited agricultural resources, he said.

Zhao Ziyang, General Secretary of the Communist Party, recently addressed this question in a panel discussion at the ongoing national People's Congress in Beijing.

A survey by economist Zhang Xuejun and his colleagues at the Institute of Economics of the Chinese Academy of Social Sciences found that urban Chinese are eating as much as people in other nations did when their per capita gross national product was more than \$1,000. The per capita GNP level in China is just \$300.

Interestingly, Zhou Qiren and Gao Xiaomeng found that, at the same per capita GNP level, people in the Soviet-type planned economies eat 10 percent more food than those in market economies.

The Japanese, Gao said, are consuming less grain than Chinese urban residents at present.

To compare China with the Soviet Union, Zhou said, the Soviet Union has the land to provide its citizens with 700 kilograms of grain per head. If there is a shortage of grain supply, it has large quantities of gold and crude oil for export, to exchange for more grain.

But China has quite limited arable land, and cannot afford to export primary goods for large quantities of imported grain. So the Chinese have to be frugal eaters, he said.

Farmland Taxes To Aid Agricultural Production
HK110905 Beijing CHINA DAILY in English
11 Apr 88 p 3

[Text] The State has decided to use all its income from farmland requisition taxes to increase agricultural production, the Ministry of Finance announced.

Most of the income will be spent to support wasteland reclamation projects, Vice-minister Xiang Huancheng told a national conference on farmland requisition taxation being held in Beijing.

To prevent the rapid loss of arable land, he said, the State levied taxes at the beginning of last year on farmland taken over for non-agricultural construction, but has not collected as much as planned.

This year a contract system will be practised, under which the State will be ensured of half the annual farmland requisition tax payments collected by local governments.

Local governments will be allowed to keep the other half and any amount above the annual planned target, Xiang said.

Vice-premier Tian Jiyun, also speaking at the conference, said farmland requisition taxes are an important source of funds for agricultural production, especially grain cultivation.

Tax rules will be strictly implemented, he said. No local authorities should approve any exemptions.

Tian said grain production reached a record level last year, and in some places farmers are having difficulty finding enough buyers for their surplus grain. Output is expected to increase further this year if no serious natural calamities happen, he said.

But with the increasing consumer demand, grain production and supply are still not sufficient, and local authorities should make special efforts to increase them, he said.

Great attention should be given to exploitation of the country's neglected land resources, including large areas of wasteland, beaches and low-yield fields, Tian said.

This year, he said, the State has begun to reclaim wasteland on the Sanjiang Plain in Heilongjiang Province and beaches along the coast of Shandong Province, and to improve low-yield fields along the Yellow, Huaihe and Haihe rivers.

Universities To Gain Profits From Business
HK110913 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 11 Apr 88 p 2

[Text] Chinese intellectuals used to shy away from anything commercial. Whether or not they were aware of the profits which could be created out of their brain bank, they refused to be tradesmen.

That has been the case for thousands of years in China, but now the tide seems to be turning.

At Qinghua University, the largest in Beijing, an enterprise called the Electronic Technology and Products Group (ETPG), with registered capital of 1 million yuan and \$200,000, was set up last month.

"That means we professors and engineers will do what business executives do," said Rong Yonglin, ETPG deputy general manager. "We'll be sort of tradesmen."

Teaming up four departments, two research institutes, two software and audio-visual education centres and six university-run factories, the group includes the university's electronics and electrical machinery units.

"Having more than 400 professors and associate professors, the group will be powerful in scientific research, new product development and manufacturing," said ETPG General Manager Zhang Mujin, also the university's vice-president.

Qinghua University, established in 1911, long has been regarded as China's Cambridge or Yale and has trained many people who became prominent figures. From 1979 to 1984, for example, 543 of its scientific research findings passed State appraisal, 51 reaching world levels.

"But most of the research results could not be turned into products for sale on the market even though we had the ability not only to design but to manufacture and market them," Rong said.

For decades, the function of Qinghua University, like factories, was limited to fulfilling state-set quotas without bothering about the market. So besides education, it was only responsible for State-assigned research projects. Application of research results to production was not the university's business.

Under such a policy, teachers had to content themselves simply with laboratory work. They did research only as part of the process of trying to become professors.

In the meantime, the country's economy was functioning at a low level. Machinery and technology in factories needed to be upgraded, farming to be mechanized and economic management to be overhauled.

However, a good portion of top-knotch personnel were employed in institutions of higher education and were not available.

The knowledge and skills of intellectuals could not be turned into productive endeavours that would benefit the national economy and help to improve their own lives as well. Inflation continued while a professor, for instance, lived on a monthly pay of about 200 yuan (\$53) in a 60-square-metre apartment, said Rong, who graduated from Qinghua University 16 years ago and now lives in a 12-square-metre room with his family.

Meanwhile, Qinghua University saw its budget run in the red with a deficit of about 5.5 million yuan each year, which had a pernicious effect on the quality of education, Rong said.

"Now the trapped human resources are about to be unleashed," Rong said. Last month, Song Jian, State Councillor and director of the National Science Commission, announced that the government will set up an open experimental zone with preferential policies in Beijing. Under the policy, private, collective or other forms of enterprises are encouraged to be set up. "The zone, drawn around Zhongguancun where Qinghua is located, will certainly benefit us," said Rong, the 42-year-old engineer who is also deputy director of the university's computer factory.

Zhongguancun is a belt in Haidian District in which China's Academy of Sciences and many of its best higher education institutions are concentrated.

"Since a policy for the experimental zone, on which the ETPG's future depends, has to be spelled out in detail, we'll have to wait and see," Rong said.

At present, the ETPG has two branches outside the university's campus—a service shop in Beijing and a technological development company in Shenzhen, China's first special economic zone. Two other companies are being planned, one in Zhongguancun and one in Hong Kong, Rong said.

He said that because the ETPG plans to adopt the management contract responsibility system, the group members' income can be expected to rise.

The group currently faces a great challenge in keeping its staff—estimated at about 2,000, or one-fourth of the university's total—from leaving the university, Rong said.

At present, there is a great demand for high-tech personnel and entrepreneurs, for example, an electronics professor, money has a tantalizing colour and going into business may be a way to become a millionaire, Rong said.

Zhongguancun may offer a little of that colour, as many enterprises operate under the so-called 4-3 formula. This means that if a professor signs a three-year contract with a company, he or she can immediately receive a retainer of 30,000 yuan, a three-room apartment and a guaranteed monthly income of 300 yuan.

Under such attractions, some people have resigned their jobs at universities where they had worked for many years, and joined a company or formed one themselves. Things have not gone too far in that direction at Qinghua, Rong said. "But as the reform and opening practice unfolds, the competition to win scientific and technological personnel will become more intense."

"Anyway, the group is no scene stealer," Rong said. "Education dominates everything at universities. In fact, our work helps ease the university's education budget crunch, improve its laboratories, promote academic exchanges, and more important, train students to have a business inclination."

"If managed well, the group can provide about 5 million yuan from its annual income by 1990 to help reduce the university's deficit," Rong said.

But there's another side, too.

"As our products enter both domestic and international markets, we professors and engineers will have to act like businessmen. That's really an ordeal," Rong said.

University Head 'Anxious' About Education
HK111430 Beijing GUANGMING RIBAO in Chinese
29 Mar 88 p 2

[Article by Reporter Ma Haibing (7456 3189 0365): "It Is Imperative To Ensure Implementation of the Principle of 'Regarding Education as the Foundation'—an interview with Ding Shisun, member of the CPPCC National Committee and president of the Beijing University"]

[Text] Prof Ding Shisun is 61 years old. He is a member of the CPPCC National Committee and president of the Beijing University. He has been working hard in the

educational field for 38 years. Turning to the current situation of education, he anxiously noted: "It is imperative to ensure implementation of the principle of 'regarding education as the foundation of a country.'"

Ding Shisun said: Although the principle of regarding education as the foundation has been put forward, we still have a long way to go in truly implementing it. Some leading comrades have not yet given educational undertakings their proper dues. In carrying out actual work, these leading comrades always regard education as a "soft" [ruan 6516] task, and only pay attention to running enterprises and building factories. They think that this can produce fast results and promote economy. If we adopt an overall point of view, we can see that such leading comrades' view is a lopsided one. Education is of strategic importance. It often takes 10 and even 20 years for people to see the effects of education. In fact, education has a bearing on fundamentally raising the standards of China's economic, scientific, and technological developments.

President Ding added: There are different views on whether our country has sufficient funds for education. There have been endless debates on educational funds every year. At present, parents of urban families in China are willing to invest in their children's education. Even those parents with low incomes are willing to live frugally and to cut down expenses in other fields for the purpose of giving priority to ensuring educational funds for their children. Our country's financial distribution should act likewise. During the postwar period, although the Federal Republic of Germany and Japan were beset with very serious economic difficulties, they persisted in tightening their belts to run educational undertakings. Now, economically speaking, the two countries are the most developed countries in the world. We should use their experience for reference.

Ding Shisun further noted: The existing input and use of educational funds have shown two malpractices, namely, macro runaway [shi kong 1136 2235], and micro suffocation [qia si 0595 2984]. One of the reasons for the shortage of funds for colleges and universities is the blind, sharp increase in the number of colleges and universities over the past few years. In 1986, there were 1,054 colleges and universities in China, an increase of nearly 100 percent compared with 1978. It costs tens of millions of yuan to build a new university. Although money has been spent on building some new universities, such universities do not have contingents of qualified teachers, thus failing to guarantee their teaching quality. Although there can be no doubt that some areas' need for special, technical secondary schools has always been greater than their need for universities, local authorities have ignored their local conditions and needs and gone into building universities first.

If the several billions of yuan appropriated for building new colleges and universities could be given to those existing colleges and universities with good foundations,

the money would surely produce much better results. Education has its own special law which is different from the law of industrial and agricultural production. Once a factory machine is started, there will be products produced by the machine. However, it takes at least 20 to 30 years for a new university to form its own style. To successfully run educational undertakings it is imperative to know the way to rationally use educational funds.

Ding Shisun expressed great anxiety about the fact that many people are not willing to become teachers. He said: If this trend continues, it will be dangerous. If there is a lack of successors to carry on our educational undertakings, the circumstances that might emerge in 20 to 30 years time will be too dreadful to contemplate. He appealed for further improvement of teachers' economic and political status and for establishing a general social mood that attaches importance to education, with the purpose fundamentally reflecting the whole society's respect for both knowledge and qualified personnel.

Students More Concerned With State Affairs
OW091140 Beijing XINHUA in English 0828 GMT
9 Apr 88

[Text] Hefei, April 9 (XINHUA)—Students at the Chinese University of Science and Technology said they are satisfied with the present method of choosing deputies to the current session of the National People's Congress.

In interviews with XINHUA, the students said that the competitive election system, which allows 20-50 percent more candidates than positions to stand for election, is a sign of democracy. "It echoes our wishes," said Wan Ruihua, a third-year student of the Department of Precision Machinery.

The Hefei-based university was the cradle of student demonstrations in December 1986, which were touched off by complaints about the procedure for electing deputies to the local people's congress.

Wan, a participant in the demonstrations, said: "We can learn something from capitalist countries, but this doesn't mean everything is good in those countries."

Some students are inclined to make comparisons between China and Western countries in an oversimplistic way, said a Students' Union official. "This is a result of narrow views of Chinese society and ignorance of actual conditions in capitalist countries."

To overcome this trend, the university organized students to work in rural counties in the following winter vacation to make social investigations and help township enterprises make technical innovation or give courses in agricultural technology.

A student who intended to "arouse the masses of people" during the demonstration discovered the primary concern of most Chinese people is to invigorate China's economy, after spending two months in a rural area.

"Economic and cultural development is uneven in such a big country as China. So it is important for China to conduct reforms cautiously and step by step," he said.

To help students follow state affairs and world events more closely, the university subscribed to the "PEOPLE'S DAILY", "CHINA YOUTH NEWS" and "REFERENCE NEWS"—a paper carrying news stories from abroad—and some other newspapers for each class.

Now, students are no longer bookworms who live within the pattern of "dormitory-library-classroom". They are getting more and more involved in state affairs, according to a college official.

Last year over 500 students graduated from the university. Most were assigned jobs according to their wishes and social need. Ten students were given disciplinary warnings or expelled from the school for being absent from class without leave or violating other disciplines.

"As a matter of fact, no demonstrator was penalized or sent to a poverty-stricken area when he or she graduated as a punishment," said Wan Ruihua.

Science Association Founded in Beijing
HK110907 Beijing CHINA DAILY in English
11 Apr 88 p 3

[Text] A new science association was founded in Beijing over the weekend to promote technological research and development and ways to turn them into economic results in this country.

The China International Association for Promotion of Science and Technology (CIAPST), with its headquarters in Beijing's "Science Centre"—Zhongguancun in Haidian District—is chaired by professor Zhou Peiyuan, an internationally-known scientist. Its Honorary Chairmen include such important people as Fang Yi and Gu Mu, both State Councillors.

The CIAPST "aims to unite scientists, educators, entrepreneurs, engineers and other professionals at home and abroad to promote scientific development, transform technological research into economic results and strengthen international exchange and co-operation in these aspects," Zhou announced at a ceremony marking the founding of CIAPST on Saturday.

"We welcome donations from governments, organizations, enterprises and individuals at home and abroad for the development of science and technology and will respect their wishes in the use of their donations," Zhou said.

Daylight-Savings Time To Begin 17 April
OW100825 Beijing XINHUA Domestic Service
in Chinese 0025 GMT 10 Apr 88

[Text] Beijing, 10 Apr (XINHUA)—According to a State Council General Office notice, daylight-savings time this year will begin at 0200 on 17 April (Sunday) [1800 GMT 16 April]. At that time, clocks and watches should be reset to 0300 instead of 0200. Daylight-savings time is scheduled to end at 0200 on 11 September (Sunday) [1800 GMT 16 September]. At that time, clocks and watches should be reset to 0100 instead of 0200.

The State Council General Office calls on all localities, railways, airlines, telecommunications and postal offices, radio and television stations, and meteorological stations and other departments to make good operational arrangements ahead of time. Before daylight-savings time begins, news media should remind people to reset their clocks and watches.

All localities should sum up last 2 years' experience of practicing daylight-savings time and adhere to the principle of fully using sunlight, saving electricity, and meeting the convenience of the people's livelihood to properly adjust their working schedules.

East Region

Fujian Suffers Crisis in Grain Production
*HK090915 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 0850 GMT 6 Apr 88*

[Report: "Grain Production Crisis Emerges in Fujian Province"]

[Text] Hong Kong, 6 Apr (ZHONGGUO TONGXUN SHE)—According to reports from Fuzhou, a crisis emerged in grain production this spring in Fujian Province, where good harvests of grain crops were reaped last year.

This year, Fujian Province planned to produce over 17.2 billion jin of grain. To fulfill this target, it is necessary to sow at least 30 million mu of land with grain crops, and at least sow 9 million mu of fields with rice. However, the sowing area thus far has only reached a third of this target.

The serious insufficiency in agricultural investments poses great potential threats to grain production. At present, agricultural production materials in Fujian Province are in serious short supply. According to the estimates of the department concerned, during the spring sowing period the province needs 1.4 million tons of chemical fertilizers, but there is only 800,000 tons in stock. In other words, only a bit more than half the demand can be met. Pesticides and plastic film also are in seriously short supply.

The unreasonable grain price has directly affected the peasants' enthusiasm for growing grain crops. This year, the prices of agricultural production materials have risen by a big margin. For example, the price of plastic sheeting has risen 1,100 yuan per ton. This added to the grain production costs, but the sales price for grain has remained unchanged. On the same land, growing grain crops is obviously less profitable than growing cash crops. Now the government has adopted some measures to encourage peasants to grow grain crops, but the peasants are still rather passive.

Natural disasters have also frustrated the peasants' confidence in growing grain crops. Since mid-March, low temperatures and wet weather have been continuing in Fujian, and as a result 4.3 million jin of seeds that were sown have rotted. From 15 to 17 March, 36 counties and cities in Fujian were stricken by hail, and a large area of crops were destroyed. This caused 68 million yuan worth of direct economic losses.

Some local officials are now still content with last year's good harvests and have not fully estimated the difficulties in this year's grain production. This is also one of the reasons for the slow progress of the spring sowing. Chen Guangyi, secretary of the Fujian Provincial CPC Committee, recently warned officials at various levels against

blindly staying content because of previous achievements. He pointed out that if grain production declines, Fujian's efforts to develop an export-oriented economy will be directly affected.

Jiangsu Reports Industrial Output Gains
*OW111843 Beijing XINHUA in English 1546 GMT
11 Apr 88*

[Text] Nanjing, April 8 (XINHUA)—The total industrial output value of Jiangsu Province in the first quarter of this year totalled 31.7 billion yuan, up 23.8 percent over the same period of last year.

The output of such expensive consumer goods as color TV sets, refrigerator [words indistinct] jumped 60 percent over the same period in the previous year, said a local trade official.

The production of farm tools and agricultural materials including plastic sheeting, tractors, threshers and crop sprayers increased from 55 percent to 90 percent.

Steel, pig iron, electricity and chemicals also increased by a big margin.

The output value yielded by state-owned enterprises increased by 17.5 percent, and by township enterprises, 33.4 percent. In addition, 69 unprofitable enterprises got out of the red last year.

Shandong's Liang Meets With Hong Kong Guest
*SK110341 Jinan Shandong Provincial Service
in Mandarin 2320 GMT 8 Apr 88*

[Text] On the evening of 8 April, Liang Buting, secretary of the Shandong Provincial CPC Committee, cordially met with Mr (Wang Zhaoxing), vice president of the Hong Kong Association of fellow Shandong Provincials, at Jinan's Qilu Guesthouse. Mr (Wang Zhaoxing) is a member of the CPPCC Committee of our province, and president of Hong Kong's (Shaoxing) [words indistinct] Company. As an old friend of Shandong's people, he has returned to his hometown in Shandong several times over the past few years, and has done much work beneficial to the development of an export-oriented economy, and the unity with Overseas Chinese.

During the meeting, Comrade Liang Buting introduced to Mr (Wang Zhaoxing) our province's situation in economic development. He said: There are many aspects in our systems that are still incompatible with the continuous deepening of the economic structural reform. We are making efforts to reform these aspects. During our reform, it is unavoidable that minor mistakes would appear. This is secondary. The primary thing is that we should see the tremendous benefit that would be brought to our economy and our state by our further accelerating and deepening the reform.

Liang Buting said: At present we have a series of good policies to inspire us, and a good opportunity. We should greatly develop the export-oriented economy. We welcome Hong Kong guests, entrepreneurs, and banks to come to Shandong to open business, and cooperate with us in developing the economy.

Li Zichao, chairman of the Provincial CPPCC Committee, and Li Yu, president of the Shandong branch of the China Trade Promotion Association, were present at the meeting.

World Power Equipment Exhibition Held in Qingdao
OW120529 Beijing XINHUA in English 1511 GMT
11 Apr 88

[Text] Qingdao, April 11 (XINHUA)—Firms of 9 countries displayed 100 sets of power generating and supply equipment at an exhibition which opened in this coastal city today.

During the 6-day International Power Generating, Supply, and Automation Equipment Exhibition, businessmen from the United States, Japan, Britain, Switzerland, France, and Italy will have business talks and technological exchanges with their Chinese counterparts.

The exhibition is jointly sponsored by a research institute affiliated to the Ministry of Water Resources and Electric Power and a Hong Kong international investment consultative corporation.

Central-South Region

Guangdong Encourages Processing for Export
HK120619 Guangzhou NANFANG RIBAO in Chinese
19 Mar 88 p 2

["Methods of Guangdong Province for Encouraging Processing and Assembling for Export and Compensation Trade (Promulgated by the Guangdong Provincial People's Government on 2 March)"]

[Text] Article 1. The following methods are formulated in accordance with relevant regulations of the state in order to promote the development of processing and assembling for export and compensation trade of our province and increase our foreign exchange earnings.

Article 2. County-level city districts examine and approve the processing and assembling for export and compensation trade of their districts in accordance with the provisions of the (1984) Document No 111 of the Guangdong provincial government on the use of foreign funds at the county level. In compensation trade, the compensation indirectly made with the products of enterprises or enterprise associations should be examined and approved in accordance with the provisions of

the (1984) Document No 111 of the Guangdong provincial government on the power for examination and approval of the use of foreign funds at different levels.

Article 3. Processing and assembling for export that are carried out by means of the equipment and materials presented by or provided free by foreign firms can be examined and approved by the county (city) committee in charge of foreign economic relations and trade.

Article 4. In principle, compensation should be made with the products of enterprises or enterprise associations. Those which have difficulties in doing so can make indirect compensation through exporting other local products on the premise that the state's export and procurement tasks are fulfilled and with the approval of the provincial committee in charge of foreign economic relations and trade and other relevant departments. Export of the products under export license and under quota management should be handled in accordance with relevant stipulations.

Article 5. Export of the products according to approved contracts (including those in compensation trade), except for those restricted by the state or those which the state does not allow to accept the processing, does not need an export license. They can be exported after necessary registrations are made by the customs according to the contracts. The products under quota management should be handled and arranged by the provincial committee in charge of foreign economic relations and trade.

Article 6. Taxes should be levied and drawn back in accordance with relevant regulations on the products produced and exported for compensation trade, except for crude oil, processed oil, and the products for which there are special state regulations.

Article 7. If the enterprises engaging in processing and assembling for export find themselves difficult to pay taxes after the expiration of the 8-year-long tax exemption period, they can apply to local tax departments for reduction of taxes and once their applications are approved their taxes may be reduced or remitted for a certain period.

Article 8. Taxes on construction of necessary work buildings and living facilities for enterprises engaging in processing and assembling for export and compensation trade, including both budgeted and extra-budgeted projects, should first be levied at the rate of 10 percent, and payment of the other 10 percent of additional tax for extra-budgeted projects can be delayed for at most 8 years. The funds provided by foreign firms for this construction can be exempted from construction tax.

Article 9. Import license is not needed for import of machinery equipment, instrument, raw and other necessary materials (including materials for renovating factory buildings), and fuel for the exclusive use of the

enterprises engaging in processing and assembling for export and compensation trade. These equipment and materials can be imported free of duty according to relevant regulations and the contracts that are already approved, but they cannot be transferred or resold at profit.

Article 10. With the approval of the provincial committee in charge of foreign economic relations and trade, the vehicles and special vehicles (not including cars and minibuses) needed by the production of the enterprises engaging in processing and assembling for export and compensation trade can be imported free of duty after being registered at the customs, but they cannot be transferred or resold at profit.

Article 11. The articles for daily and office use, the import of which is restricted by the state and which are brought into the country by foreign businessmen and the resident engineers and technicians sent by foreign firms within the quantity limits set by the state, can be imported without a cash pledge after being registered at the customs, but they should be brought out after use.

Article 12. Same policies and prices should be applied to both the enterprises engaging in processing and assembling for export and compensation trade and the state-owned enterprises in respect of the supply of production materials. The prices of materials to be purchased with foreign money should be based on the costs of the supplying units and their reasonable expenses, and the charges for the use of water, electricity, and communication and telecommunications facilities by the enterprises engaging in processing and assembling for export and compensation trade should be the same as those to the state-owned enterprises.

Article 13. Foreign firms are encouraged to buy or entrust China's factories with the purchase of raw materials and spare parts from China's foreign trade companies at export prices for their processing and assembling businesses, the products of which will all be exported.

Article 14. Matters concerning the compensation trade projects producing products that are in short supply in our province through importing advanced technology and equipment can be handled in accordance with the provincial government's "Temporary Methods for Substituting Production for Import and Import Substitutes" and foreign currencies can be collected for the payment to foreign businessmen.

Article 15. The part of foreign exchange earned by the processing and assembling for export and compensation trade to be handed over to the central and provincial authorities can be contracted by various cities according to the base set by the province and all the surplus foreign exchange earnings will be retained by various cities, counties, and enterprises, which will remain unchanged in 3 years. Except for the part handed over to the central and provincial authorities, the method of foreign

exchange users should provide subsidies will be implemented in accordance with the principle of "using foreign exchange with compensation" for all the foreign exchange retained from processing and assembling for export and compensation trade.

Article 16. After being handing over to the central and provincial authorities, the surplus of foreign exchange earned through processing and assembling for export and compensation trade can be redistributed in the foreign exchange accommodations market with the approval of the provincial foreign exchange management departments.

Article 17. The enterprises in the special economic zones and the Zhujiang Delta area engaging in processing and assembling for export and compensation trade, which are capable of earning more than \$1 million (including \$1 million) of foreign exchange a year, and those in other areas, which are capable of earning more than \$0.5 million (including \$0.5 million) a year, will be issued honor certificates by the provincial authorities, and they can draw 10,000 yuan from each \$1 million of foreign exchange they have earned for giving out bonuses. This will remain unchanged within 3 years.

Article 18. The contracted management responsibility system can be adopted in the projects concerning processing and assembling for export and compensation trade under the principles of observing state laws and giving considerations to the interests of the state, the collective, and the individual.

Article 19. On the premise of accepting the supervision and administration of relevant Chinese laws, foreign businessmen can be invited in light of actual needs to take part in the production, technological management, and contracted management of the enterprises engaging in processing and assembling for export.

Article 20. This document overrides all previous regulations issued by our province on processing and assembling for export and compensation trade.

Shenzhen Restaurant Condemned for Malpractice
OW120724 Beijing XINHUA in English 0642 GMT
12 Apr 88

[Text] Beijing, March 12 (XINHUA)—A restaurant specializing in delicacies cooked from a dozen rare animals under state protection has been discovered in the Shenzhen special economic zone.

Local police are now investigating into the case and news media there are condemning the malpractice.

According to a report in today's "CHINA ENVIRONMENT JOURNAL" two large refrigerators at the Xiangmihu holiday village restaurant were found to contain

tiger, pangolin, giant salamander, and owl meat, and also found at the scene were 28 skinned rhesus monkey heads, three leopard skins and one tiger pelt.

The restaurant, believed to be run by a Kowloon entrepreneur, has a menu which lists dishes like "turtles boiled with medicinal herbs," "braised masked civet," and "monkey meat boiled with medicinal herbs."

Since mid-January, the report said, the restaurant has killed at least 27 boas, 28 rhesus monkeys, 41 owls, 58 pangolins, 30 giant salamanders and one South-China tiger.

Hainan Island Power Plant Begins Operation
OW120433 Beijing XINHUA in English 1520 GMT
11 Apr 88

[Text] Haikou, April 11 (XINHUA)—A 50,000-kw power plant near Haikou, capital of Hainan Island, began producing today.

The turbogenerator used there was imported from Britain and is powered with imported diesel oil.

According to local officials, construction of the new plant is an emergency measure to alleviate power shortages on the island, which will soon become a new province and China's largest special economic zone.

Due to a prolonged dry spell, the officials said, the supply of power last year was 40 percent short of the actual needs of the island.

Henan on Productive Forces, Coastal Strategy
HK120117 Zhengzhou Henan Provincial Service
in Mandarin 1230 GMT 11 Apr 88

[Henan Radio and Television News Center Commentary: "Study, Discuss, and Take Action"]

[Excerpts] The general offices of the Henan Provincial CPC Committee and people's government recently issued a joint circular calling on all cities, prefectures, and counties, and units under the provincial authorities to launch in depth a mass discussion on the productive forces criterion and the coastal economic development strategy. This is an effective measure in the province's economic development and overall reforms. It is also a practical move for further emancipating the mind and further liberating the productive forces.

Regarding the question of whether the development of the productive forces is promoted as the criterion for testing all our work is a basic viewpoint explicitly stressed by the 13th party congress and is also the starting point in considering all issues in the initial stage of socialism. The coastal economic development strategy recently proposed by the CPC Central Committee is not just a regional but a national strategy. By implementing this strategy, the development of the coastal regions will

be promoted and the development of the interior will be led forward. This is an important cardinal link in implementing the construction and reform tasks proposed by the 13th party congress.

It is evident that the discussion on the productive forces criterion and the coastal economic development strategy is very significant for the cadres at all levels in Henan. Failing to gain sufficient understanding of this discussion or handling it a passive manner may result in adversely affecting our cause. [passage omitted]

The aim of study and discussion is to take action. At present, the coastal regions have already broken into the interior in respect of talent, materials, and products. We are facing a rigorous challenge. Since others have already taken the lead, we cannot hesitate and look around any more. Hence, while getting a good grasp of study and discussion, all localities and departments must rapidly take action. The opportunity must not be missed. Under the stimulus of the coastal economic development strategy, we must take the initiative in proposing reform schemes and corresponding measures for our own localities and departments, and local policies, rules and regulations, work style, work efficiency, and production, circulation, and so on must match the demands of this strategy.

We must have a strong sense of urgency and crisis, actively create conditions for catching up with the pace of the era, and display our talents in the domestic and foreign markets, so as to gain meritorious achievements in invigorating Henan's economy.

Southwest Region

Guizhou Leader Urges Developing Rural Production
HK120249 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 11 Apr 88

[Excerpts] Liu Zhengwei, deputy secretary of the provincial party committee, spoke at a forum of directors of prefectural and city party committee rural work departments. He pointed out that it is essential to proceed from Guizhou realities in studying and exploring effective ways and policies for developing the rural productive forces.

Liu Zhengwei said that although the province has scored a certain degree of success in rural economic construction and reforms in recent years, the progress of reform has been slow and economic growth rate has been below the national average. Agricultural production conditions remain very poor, and the reserve strength for development is insufficient.

To resolve these problems, we must on the one hand further emancipate our minds, boldly carry out reforms, and adopt more relaxed and flexible policies that will benefit the development of the productive forces. On the

other hand, we must vigorously push ahead with pilot projects in rural reform. [passage omitted] Such pilot projects should focus on the following aspects:

1. Establish and put on a sound basis the township and village cooperative economic organizations in light of the requirements of developing commodity production. This is an important task in further deepening rural reform. We should further develop rural individual economy, expand the scale and scope of household operations, relax the policies, and encourage the development of rural [words indistinct]. We should also develop a comprehensive economy with overlapping and mixed state, collective, individual, and private ownership. [passage omitted]
2. In accordance with the principle of separating ownership and operational powers, we should [words indistinct].
3. Further improve the market setup and give full scope to the role of [words indistinct].
4. Step up the building of the markets. We must attach particular importance to developing markets in labor, capital, technology, information, and other vital elements of production. We must also step up the building of small towns. We should increase the number of commodity exchange sites, actively organize the peasants to enter the circulation market, and develop a number of peasant transport and sales households and some middleman organizations linking the producers with the consumers. We should form a multichannel circulation setup with fewer cardinal links. [passage omitted]

North Region

Beijing's Qinghua University Supplements Budget
OW120545 Beijing XINHUA in English 1435 GMT
11 Apr 88

[Text] Beijing, April 11 (XINHUA)—Chinese universities and colleges need to make money themselves to make up their own budgetary deficits and increase the income of the staff.

This is the opinion of Zhang Xiaowen, vice president of the Beijing-based Qinghua University, one of China's top schools of higher learning.

"Our experience shows that it is possible for schools to do so," said Zhang in an interview with XINHUA today.

Last year, the government allocated 39.48 million yuan to Qinghua, 6.5 million yuan short of the school's actual needs.

Nevertheless, Qinghua managed to earn enough money to make up the shortage and gave an average of 600 yuan to each member of the staff in bonus or remuneration for their after-work services, Zhang said.

"If the 25 million Chinese intellectuals each have a raise of 10 yuan per month, that will mean little to them—with 10 yuan you can only buy a chicken," he said.

"A 50 yuan increase does mean something to them, but to the state, that would mean an additional allocation of 10 billion yuan," he continued.

Qinghua has 3,000 teachers and 1,600 researchers, including many top experts in China. "They can be organized to augment the income of the school and their own income through technical transfer and other sources," he said.

The school runs 10 companies, which yielded 3 million yuan in profits last year. Besides, it runs various training sessions for extra income.

Beijing Adopts Contract System Measures
SK120723 Beijing BEIJING RIBAO in Chinese
27 Mar 88 p 1

[Text] The 1988 municipal conference on deepening reform and strengthening management of industrial enterprises concluded its 3-day session on 26 March. On the basis of summing up 1987 contract work, the conference decided that the focus and emphasis of the reform of the municipal industrial enterprises this year is to reinforce, perfect, deepen, and develop the enterprise-contracted-managerial-responsibility system. For this, the provincial Economic Commission formulated 10 measures to carry out necessary support reform within enterprises and another 10 measures for reform outside enterprises.

Vice Mayors Zhang Jianmin and Wu Yi attended and addressed the conference.

Last year, industrial enterprises in the municipality yielded remarkable results in comprehensively popularizing various forms of the contracted-managerial-responsibility system. In the first 2 months of this year, a good production trend was maintained continuously. The total municipal industrial output value in these 2 months amounted to 5.829 billion yuan, a 14-percent increase over the corresponding period last year; and the sum of products exported showed a 39-percent increase. Meanwhile, in fulfilling the 10 major targets for economic efficiency, Beijing's budgetary industrial enterprises surpassed those in Tianjin and Shanghai. To constantly deepen and perfect the contracted-managerial-responsibility system, the municipal Economic Commission set forth 10 specific measures to carry out reform within enterprises. These measures are: 1) By upholding the principle of integrating contracts with development, we

should formulate a good strategic rule for the development of enterprises. 2) We should accelerate the reform of the enterprise leadership system, and comprehensively popularize the plant-director-responsibility system. The 19 wholly people-owned enterprises which have not yet implemented the plant-director-responsibility system should implement comprehensively this system by the first half of this year. Collectively-owned enterprises should also institute this system in groups and by stages. 3) We should establish an integrated target management system for enterprises. 4) We should popularize the "plant-based bank" system. 5) We should bring in competition, and reform personnel and labor systems. In employing middle-grade and ordinary managerial workers, we should adopt open bidding and recruiting through invitation. In operation, we should adopt the optimum organization of personnel. 6) We should further reform the distribution system, and institute the piece-rate and work-quota wage systems. 7) We should integrate contracts with technological progress of enterprises. 8) We should integrate contracts with the upgrading of enterprises. This year, over 5 percent of budgetary industrial enterprises should attain the standard of state second-class enterprises. 9) We should establish an export-oriented managerial mechanism. We also should link the export target and the target for earning foreign exchange with assessment, rewards, and punishments to ensure the fulfillment of the task for export and earning foreign exchange. 10) We should foster an enterprising spirit, and strengthen the building of socialist democracy and spiritual civilization.

Vice Mayor Zhang Jianmin and a responsible comrade of the municipal Economic Commission stressed: In the process of perfecting and deepening the contracted managerial responsibility system, enterprises should be resolute in overcoming nearsighted behaviors. Managers of enterprises should assume responsibility for not only the fulfillment of the contract targets but also for the development of their enterprises within their term of office. To ensure the implementation of the above mentioned 10 measures, the municipal Economic Commission formulated another 10 measures to carry out supporting reforms outside enterprises. The major content of these measures are: Persist in the final accounts of enterprises, ensure the honor of contracts, promote the optimum organization of enterprises, develop enterprise associations, and develop the export-oriented contract management.

At the conference, the Beijing No 1 Machine Tool Plant, the Beijing Model Plant, the Beijing No 2 Motor Plant, and 13 other enterprises introduced their experiences in deepening reform.

Hebei Discusses Development of Hai He Plain

Vice Governor at Meeting

*SK120701 Shijiazhuang Hebei Provincial Service
in Mandarin 2300 GMT 17 Mar 88*

[Text] At a recent provincial meeting to exchange experiences in deepening rural reform, Vice Governor Zhang

Runshen made arrangements for the steps, goals, methods, and guidances to the development of the Hai He Plain, included in the plain along the Huang He, Huai He, and Hai He.

Zhang Runshen said: Of the 298 counties and cities of Hebei, Shandong, Henan, Anhui, and Jiangsu Provinces, which are included in the Huang-Huai-Hai Plain, 112 counties and cities are located in Hebei Province; the Hai He Plain is largely dispersed in Hebei Province. Except for Zhangjiakou Prefecture; Chengde City; Qinghuangdao City's Qinglong and Lulong counties; Tangshan City's Zunhua, Qianan, and Qianxi Counties; Baoding Prefecture's Fuping, Laiyuan, and Xixian Counties; Shijiazhuang Prefecture's Pingshan, Zhanhuang, and Lingshou Counties; Shijiazhuang City's Jingxing County; and Handan Prefecture's Shexian and Wuan counties; the 112 other counties and cities of the province are all included in the area under development and exploitation.

Zhang Runshen said: The guiding ideology for developing the Hai He Plain is to harness, develop, and manage the plain in a comprehensive manner to yield overall benefits. We should combine development of this area with the harnessing of rivers, and emphasize improving the moderate- and low-yield farmland. The problems concerning land, rivers, farmland, forests and roads should be tackled comprehensively.

The development of the Hai He Plain will be initially carried out in three tracts. The first tract is the Qinghuangdao-Tangshan-Cangzhou coastal area. In this area, we plan primarily to accelerate the development of the coastal beach areas, and build these areas into a base of export-oriented commodity production, to develop export and earn foreign exchange. The second tract is the Heilongjiang area. In this area, we will mainly accelerate the improvement of moderate- and low-yield farmland, and build production bases of quality cotton, as well as forest, livestock, local, and special products. The third tract is the area along the Beijing-Guangzhou and the Beijing-Shanhaiguan railways. In this area, we will mainly develop pipe irrigation technology, and build a water-conserving agriculture to promote the stable and high production of grain and cotton.

Zhang Runshen demanded: All prefectures, cities, and counties included in the developmental area should rapidly map out their plans, and prepare for the development work.

Ad Hoc Work Body Formed

*SK120749 Shijiazhuang HEBEI RIBAO
in Chinese 28 Mar 88 p 1*

[Text] In February of this year the State Council made an important plan to designate the plain along the Huang He, Huai He, and Hai He as an area for key agricultural development. Since then, the provincial party committee and government has decided to establish an ad hoc body,

directed by Vice Governor Zhang Runshen, and corresponding bodies in various prefectures and counties to take charge of this work. Scientific and technical personnel of a number of central and provincial scientific research units, and colleges and universities have signed up for this work. Based on the State Council's plan and the specific local conditions, the various prefectures, counties and cities along the Hai He have actively submitted reports on their projects, and have formulated plans.

The plain along the Huang He, Huai He, and Hai He covers 298 counties and cities of 5 provinces of the country, totaling 320,000 square km. Of the entire area, 84,000 square km involving 112 counties and cities along the Hai He falls in our province. One-third of the plain along these three rivers is low- and medium-yielding farmland, and 7.022 million mu of wasteland of various categories is to be reclaimed. This is one of the major battlefields of the project to develop the plain along these rivers.

The plain along the Hai He in our province amounts to 45 percent of the total area of the province. It has 72.86 million mu of cultivated land, 73.9 percent of the total cultivated land of the province, and has a population of 44.1 million, 78.4 percent of the province's total. Thanks to more than 30 years of post-liberation development, this area has improved its production conditions greatly, and increased its agricultural economy in a sustained manner. It has become a large producer of grain, cotton, oil-bearing crops, and meat in our province, and an area where production of these products is concentrated. However, a lack of water resources in this area, poor maintenance of water conservancy facilities, large acreage of low and medium-yielding farmland, backward technical means, a weak foundation for an export-oriented economy, and shortage of agricultural funds has restricted and affected the further prosperity and development of this area to a serious extent.

In our project to comprehensively develop the Hai He Basin, our province will strictly follow the arrangements of the State Council, and unify leadership, planning, and overall policies to carry out comprehensive development, improvement, and management. Our province also will give play to the role of science and technology, and adopt a realistic attitude to achieve comprehensive results. Regarding the funds and materials for farm use allocated by the state and collected by the province, we will eliminate the past method of equal distribution according to departments and regions, and will adopt a new method of inviting tenders in line with actual projects, and signing economic contracts at every level. We should make sure that investment is made accurately, yields return rapidly, and become new productive forces. We also should make sure that the best engineering, economic, social, and ecological benefits are achieved to increase the strength for sustained agricultural development.

The provincial party committee and government urged leading people at various levels to attach great importance to this work, and called on various departments and fronts to plunge into it voluntarily, work in coordination, and render wholehearted service. The state Agro-scientific Institute, the Academy of Sciences, Beijing Agricultural College, the provincial Agroscientific Institute, Hebei Agricultural College, other scientific research units, and colleges and universities in and outside the province are welcomed to send scientific and technical personnel, and submit tenders to participate in the development project, and they will be given preferential treatment. Relevant departments of the province will also invite experts to appraise our province's overall plan for agricultural development and improvement of the plain along the Hai He in the near future.

Nel Monggol Holds Nationalities Meeting
SK120747 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 9 Apr 88

[Text] The regional enlarged meeting of directors of nationalities affairs commissions concluded today. It defined the tasks for our region's nationalities work for this year as to have reform play a dominant role in overall work; strengthen the unity among nationalities with the focus on developing the economy of minority nationalities; and work diligently for fulfilling the region's three short-term goals.

The meeting relayed the guidelines of the national conference of directors of nationalities affairs commissions, exchanged experiences in the nationalities work and the economic work, and made arrangements for the work related to the participation in the national nationality unity and progress commendatory rally and the second regional nationality unity and progress commendatory rally. The meeting called on nationalities affairs commissions at various levels to conscientiously study and implement the guidelines of the documents of the 13th party congress, further emancipate minds, strengthen lateral economic ties, have the courage to experiment with running economic entities, facilitate the economic development of minority nationalities and the areas of minority nationalities, enhance the sense of autonomy, further improve the system of regional national autonomy, strengthen unity among nationalities, and intensify the education for minority nationalities.

Leading persons of the autonomous region, including Qian Fenyong, Seyinbayaer, Zhang Cangong, and Baoyan Batu, attended and addressed the meeting. Zhang Zhu, vice minister in charge of the State Nationalities Affairs Commission, made a special trip from Beijing to attend and address the meeting.

Development Begins on Inner Mongolian Coalfield
OW111930 Beijing XINHUA in English 1451 GMT
8 Apr 88

[Text] Hohhot, April 8 (XINHUA) — The central government has officially approved the construction on the Junggar coalfield project in the Inner Mongolia Autonomous Region.

The mine is about 100 km southwest of the regional capital of Hohhot and borders on the Yellow River in the east. Altogether, reserves of 2.68 billion tons have been verified in the 1,022 sq km area.

The coalfield is suitable for opencast mining and upon completion will become the major energy supply base for industry in northeast China.

According to the official, the state will invest 3.36 billion yuan in the first phase of the development, which is expected to produce 15 million tons of coal a year upon completion.

Supportive projects include a 220 kv transmission line, a 215 km railway linking Junggar with the Datong coalfield in Shanxi Province, a thermal power plant with an annual generating capacity of 200,000 kw and water supply projects.

Construction of roads, water supply projects and miners' residential quarters is also well under way.

Nei Monggol RENMIN RIBAO Station Restored
SK120801 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 11 Apr 88

[Text] The RENMIN RIBAO reporters' station in Nei Monggol was formally restored today.

Li Renchen, deputy chief editor of RENMIN RIBAO, gave a reception at Nei Monggol's (Xincheng) Guesthouse this morning. Regional party, government, Army, and CPPCC leaders including Wang Qun, Qian Fenyong, Tian Congming, Ma Zhenduo, Liu Yunshan, Liu Yiyuan, and Yun Zhaoguang, extended greetings and gave speeches successively at the reception. Comrades of the RENMIN RIBAO reporters' station in Nei Monggol dispatched from the central press units and comrades from the regional press units attended the reception.

Nei Monggol's Wang Joins Tree-Planting Campaign
SK120739 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 10 Apr 88

[Text] Together with more than 500 cadres and staff and workers, regional and Hohhot City party, government, and Army leaders participated in the voluntary tree-planting campaign at the Hohhot City (Gongzhufu) Park this morning.

Early this morning, Qian Fenyong and Tian Congming, deputy secretaries of the regional party committee, came to the tree-planting site. Staff members and workers of the Hohhot City Rubber Plant and the company which the plant belongs to, each with a shovel, volunteered to join the tree-planting campaign.

Being informed of the tree-planting campaign, Wang Qun, secretary of the regional party committee, who came back from Jungar Banner on the evening of 9 April, also zestfully joined the campaign today. While planting trees he asked on how to make Hohhot City's (Daqing) Shan green.

Jia Cai, mayor of Hohhot City, said: The routine work conference of the city government has approved the city's 10-year afforestation program. Now, Hohhot City continues to mobilize the people to build windbreak forests, and also mobilizes the forces of the banners and counties near the city to cooperatively develop afforestation. The city also assigns to each level the contracted afforestation task.

After being informed of this, Comrade Wang Qun said "good."

Comrade Wang Qun said: The ecologic environment can be changed and improved through planting trees and growing grasses. Therefore, planting trees and growing grasses is of extreme importance to the region's development and rejuvenation. We must continue the tree-planting work from generation to generation.

Liu Yunshan, Ma Zhenduo, He Yao, Liu Yiyuan, (Li Guibin), Liu Zhenyi, (Gu Zhonghua), and Jia Cai, regional and Hohhot City party, government, and Army leaders, also joined today's tree-planting campaign.

Tianjin Becomes Major Transport Network Center
OW120607 Beijing XINHUA in English 1459 GMT
11 Apr 88

[Text] Tianjin, April 11 (XINHUA)—Tianjin has become one of China's major hubs of railway, highway, ocean, and air transport, with routes radiating to 11 major Chinese cities and 150 overseas destinations.

According to a local official, in recent years, the city has spent 600 million yuan annually improving transport conditions.

It now administers 388 km of railways, 4,000 km of highways, 14,00 km of air routes, and 189 km of ocean routes. Tianjin Port has 34 berths. Construction of a railway terminal, a new wharf, and an expressway from the city to Beijing is in full swing, said the official.

Northeast Region

Accord Signed on Heilongjiang Plain Project
OW101142 Beijing XINHUA in English 1637 GMT
8 Apr 88

[Text] Beijing, April 8 (XINHUA)—An agreement was signed here today by the State Farmland Development and Construction Fund and Heilongjiang Province on the development of the Songhua-Heilong-Usuli River Plain agricultural produce base.

The State Council has decided to list the river plain area as a state key agricultural development zone and to turn the area into a state-level agricultural produce base specializing in grain and soybean production.

Situated between the three rivers, the plain covers an area of 108,700 sq km, equivalent in size to Jiangsu Province and covering about one third of the province.

Last year, the plain produced a total of 4.6 million tons of grain, accounting for one-quarter of the provincial total.

Liaoning's Quan Shuren on Reform, Opening Up
SK120737 Shenyang LIAONING RIBAO
in Chinese 27 Mar 88 p 1

[Text] "Rely on higher authorities, wait for documents with headlines printed in red, and keep a watch on the trend. Some comrades in Liaoning Province have such a mode of thinking due to the long-term influence of the product economic pattern. While handling a matter, some people first listen to what higher authorities have said and then wait for documents with headlines printed in red. Once these documents have been issued, these people even try and look at what others have done. Once they get wind of anything, they often stop doing their work. Such a mode of thinking must be changed." This passage was from the speech of Quan Shuren, secretary of the provincial party committee, made at the study meeting of the provincial party committee Standing Committee members on 23 March.

Quan Shuren said: The key to emancipating the mind and accelerating the pace of opening up Liaodong peninsula to the outside world is to change the ossified ideas and to firmly foster the standards for productive forces. If we adopt the thinking of "relying on higher authorities, waiting for documents with headlines printed in red, and keeping a watch on trend," we will not be able to see the enthusiasm of the masses. If we do not value the masses' practices or initiative or always consider the masses' practical creativity unreliable, we will not be able to make a big stride in reforming and opening up.

Quan Shuren said: It is easy to talk about the standards for productive forces. But truly fostering the thinking about the standards for productive forces is an arduous task. It is necessary to reform the old ideas due to the influence of the product economic pattern, the old rules and regulations that took shape under the old systems, and the original functions of management organs of various categories, including inspection and supervisory departments. In the past, the areas where reform and opening up were not carried out were always quiet because nobody would inspect there. Inspection departments often inspected areas with problems cropping up

in the course of reform and opening up. All this left an impression on the people. It seemed that whoever conducted reform would be inspected. Who will conduct reform in front of such a trend? We should conduct inspection first among the units that do not carry out reform so that the people who are satisfied with the current situation cannot sit still any longer.

Regarding the issue concerning skilled persons, Quan Shuren said: The key to opening up Liaodong peninsula to the outside world hinges on skilled people. To solve this key question, we must first solve the problems related to the ideas toward skilled persons. We have placed stress on the "four requirements" for cadres. What are the "four requirements"? The cadres who persist in the party's basic line and have made outstanding political achievements in the process of reform and opening to the outside world are good cadres. In the past, we dared to employ reliable, honest cadres but did not dare to employ the cadres who had this or that kind of shortcoming although they persisted in the party's basic line and have made political achievements. So, it is necessary to get rid of some restricted ideas related to employment of cadres. If we do not do so, the people's enthusiasm will not be aroused and it will be difficult to realize Liaoning's economic takeoff.

This was an entirely new sort of study meeting. Besides the provincial party committee Standing Committee members, some leaders of the provincial People's Congress, the provincial government, and the provincial CPPCC committee also attended the meeting, and some personages of theoretical circles and enterprises were also invited to the meeting. At the meeting, participants talked freely and set forth many opinions on how to formulate Liaoning Province's economic development strategy and how to readjust the production structure.

Northwest Region

Xinjiang Ethnic Russians Mark Easter Festival
OW112335 Beijing XINHUA in English 1545 GMT
11 Apr 88

[Text] Urumqi, April 11 (XINHUA)—More than 2,600 Russian ethnic minority people in the Xinjiang Uygur Autonomous Region celebrated their traditional Easter Festival Sunday.

In the capital of the region, more than 400 Russians gathered to mark the festival and they were joined by Russians from the Soviet Union and Australia who came to visit their relatives.

Regional and city officials and representatives of other ethnic groups in the region also attended the get-together to extend their congratulations to the Russians.

Taiwan Overseas Offices To Trade With Mainland
HK090853 Beijing ZHONGGUO XINWEN SHE
in Chinese 1350 GMT 6 Apr 88

[Report: "Taiwan To Allow Overseas Branches of Its Organizations To Contact, Do Business With Mainland Organizations"]

[Text] Hong Kong, 6 Apr (ZHONGGUO XINWEN SHE)—Based on reports from Taipei, newspapers here today revealed that Taiwan's economic and trade departments are revising regulations concerning entrepot trade with the Chinese mainland and will allow overseas branches of Taiwan organizations to contact and trade directly with mainland organizations.

The Taiwan newspaper CHING CHI JIH PAO reported: In the revised relevant regulations, the International Trade Bureau of the "Ministry of Economy" of Taiwan defines indirect trade with the Chinese Mainland as business activities that involve "no direct shipments from any trading port on the mainland and no direct payment in foreign exchange to the mainland." The previous ban on contacts between any overseas branches of Taiwan organizations and their mainland counterparts will be rescinded. Newspapers here believe that this new definition is a breakthrough in the economic and trade relations between the two sides of the Taiwan Strait.

The Taiwan Association of Industries has pointed out: Since the Taiwan authorities are about to lift the ban to allow manufacturers to establish purely economic and trade relations with the Chinese Mainland through their overseas branches, indirect trade between Taiwan manufacturers and their mainland counterparts will proceed more smoothly and many risks involved in trade will be further reduced in the future.

Revolutionary KMT on Ties With Taiwan Party
OW091931 Beijing XINHUA in English 0927 GMT
8 Apr 88

[Text] Beijing, April 8 (XINHUA)—The Revolutionary Committee of the Chinese Kuomintang (KMT) is optimistic about the peaceful reunification of China and believes that the relationship between the KMT Revolutionary Committee and the KMT in Taiwan will be improved day by day. Zhu Xuefan, chairman of the committee, said here today.

Speaking at a press conference, Zhu explained that this optimism is based on the fact that many people in Taiwan, including Li Teng-hui, have said that there is only one China.

He also said he favors long-term coexistence and mutual cooperation between the KMT Revolutionary Committee and the KMT party in Taiwan after the country is reunited.

Recalling the history of the KMT Revolutionary Committee, which was formed in 1948 in Hong Kong, Zhu said that as part of the former Chinese Kuomintang, members of his committee have a lot of friends, relatives and classmates in Taiwan, and many problems can be solved through various contacts, although the committee does not have normal relations with the Kuomintang in Taiwan.

Since the Taiwan authorities lifted their ban on people in Taiwan coming to the mainland to visit their relatives, Zhu said, the Revolutionary Committee of the KMT has tried hard to receive them. The committee has also endeavored to help implement the policies concerning Taiwan compatriots on the mainland.

China's National People's Congress and the Chinese People's Political Consultative Conference reserve seats for people from Taiwan, he said.

Zhu also expressed the hope that a special department will be set up under the State Council to be in charge of the work concerning Taiwan.

Reporters Hope To Cover 13th KMT Congress
OW091942 Beijing XINHUA in English 0932 GMT
8 Apr 88

[Text] Beijing, April 8 (XINHUA)—Reporters of a mainland newspaper have applied to cover the 13th Congress of the Kuomintang (KMT) in Taiwan, which is scheduled on July 7, this year, a senior non-communist party leader said here today.

Responding to a question by a Chinese reporter at a press conference here this afternoon, Chu Zhuang, vice-chairman of the China Association for Promoting Democracy, said reporters of the UNITY newspaper run by a democratic party have cabled their application to Taiwan but they have not got any reply.

Chu said he is very happy to see that Taiwan journalists have come to Beijing to cover the current National People's Congress session and the current session of the Chinese People's Political Consultative Conference National Committee.

It is said that the Legislative Yuan of Taiwan plans to send a delegation to the mainland to discuss the reunification of the motherland. "I welcome this and the head of the legislative organ in Taiwan is an old friend of mine," he added.

He also expressed his welcome to the establishment of a great alliance for the reunification of China, he said.

Premier Responds to Legislative Interpellations

Notes Mainland Sea Drills

OW101005 Taipei CNA in English 1445 GMT
8 Apr 88

[Text] Taipei, April 8 (CNA)—Premier Yu Kuo-hua said Friday that the Republic of China's garrison troops on the frontline islands of Kinmen and Matsu are on high alert against possible sea maneuvers by the Chinese Communists.

In a written answer to a query by Legislator Chou Wen-yung, Premier Yu said that nearly 3,000 mainland fishing boats, mostly motor equipped wooden ships, had recently massed in fixed formations at the mouth of Min River.

The fishing boats were possibly gathering there to catch eels but they were more likely to have been involved in sea maneuvers, he noted.

The Defense Ministry has ordered ROC troops to the frontline islands to keep close watch on any unusual situation and to take all necessary precautions against potential Communist attacks, the premier said.

KMT-CPC Ties Not Possible

OW090715 Taipei CNA in English 0234 GMT 9 Apr 88

[Text] Taipei, April 9 (CNA) — Premier Yu Kuo-hua emphasized Friday that it is absolutely impossible for the Kuomintang [KMT] to cooperate with the Chinese Communist Party and that the government's mainland policy will never change.

Yu was replying to an interpellation by legislator Wang Yi-hsiung on the possibility of cooperation between the two political parties and on the governments future mainland policy.

The premier said the Republic of China's [ROC] basic policy is to build a free, democratic and affluent society by implementing the three principles of the people. It is absolutely not possible that the Kuomintang would ever cooperate with the Chinese Communist Party because "we'll never let our compatriots live under tyrannical communist rule," he stressed.

Yu also brushed aside as "totally groundless" the rumors that Chiang Hsiao-wu, deputy representative of the ROC trade mission in Singapore, had secretly negotiated with communist Chinese representatives. Chiang's primary mission is to help promote substantive relations between the ROC and Singapore, Yu said. He has never held secret talks with communist Chinese representatives in Singapore, Yu added.

Premier Yu pointed out that the ROC's ultimate goal is to reunify China under the three principles of the people. The government's mainland policy is based on this

principle. Family visits to the mainland was instituted for humanitarian reasons and it does not represent a change in the government's basic mainland policy, Yu emphasized.

The premier also said the government would not establish a special agency to handle mainland affairs, because the Cabinet would have to coordinate the work of all ministries concerned to deal with mainland-related affairs.

Hong Kong Businessman Charged With Sedition

HK120800 Hong Kong AFP in English 0604 GMT
12 Apr 88

[Text] Taipei, April 12 (AFP)—Authorities here have charged a Hong Kong businessman with sedition, an official said Tuesday.

Cheung Hay-ying, 31, detained January 22 while visiting Taiwan, was accused of passing information on Taiwan to Chinese authorities.

He was indicted Monday by the Taipei High Court which now handles sedition cases involving civilians, the court official said. Military courts had handled such cases until martial law was lifted last year.

It was alleged to the court that Mr. Cheung, born in Guangdong Province of southern China, joined Hok San Kor, a mainland youth organization linked to the Communist Party, in 1973-74 and met Chinese officials in his visits to the mainland.

A Chinese operative in Guangzhou assigned Mr. Cheung to collect information on Taiwan when the accused came here to study in 1976, and report to Chinese officials living in Hong Kong, the court official alleged.

Investigation showed Mr. Cheung became a member of the ruling Kuomintang while in college and that he reported to a Chinese operative in Hong Kong on social conditions in Taiwan during his many trips home, the official alleged.

Mr. Cheung was detained after Chou Li-yao, another Hok San Kor member on a self-confessed mission to help Beijing launch subversive activities against Taipei, turned herself in to Taiwan authorities.

Charges against Miss Chou, 31, have been dropped, the court official added.

Radio on Indirect Trade With Mainland
OW100905 Taipei International Service in English
0200 GMT 8 Apr 88

[Station commentary: "An Argument for Indirect Mainland Trade"]

[Text] Just when a lot of people were getting used to the idea that direct trade ties with the Chinese mainland were inevitable, an independent think-tank in Taipei reports that indirect trade might be a better route, after all.

The report was commissioned by the Ministry of Economic Affairs, and handled by the Chung Hua Institution for Economic Research. The economists and other scholars at Chung Hua concluded that there are several advantages to indirect trade that outweigh any of the good that might come from direct trade ties with mainland China.

Among other things, the institution asserted that the current indirect form of trading is adequate, and need not be changed. It cited three major reasons for making this conclusion.

First, many Taiwan traders and manufacturers have set up branch offices in Hong Kong. Nominally, they act as third parties, but in reality, they are handling direct trade with mainland suppliers and buyers.

Second, it is probably far simpler just to go through the contacts with the mainland already established by Hong Kong authorities. The report noted that even large Japanese companies go the "public relations" route through Hong Kong Chinese. Going it alone might entail much greater costs, making the trade unprofitable.

Finally, to avoid trade disputes that have no medium for resolution, it is best to involve a transshipment center such as Hong Kong. For those who do use Hong Kong middlemen, the extra expense can be considered a type of insurance premium against possible trade disputes.

The Chung Hua Institution also offered some advice on how to ease the rules on indirect trade. For starters, it feels bans and other restrictions on raw material imports from the China mainland should be eased. It said the same is true for primitive grade products such as yarns. Second, the institution argues for a reciprocal import duty on goods from Mainland China, because a similar tax is levied on goods from Taiwan. Third, the government should not confiscate goods smuggled by fishermen, but rather make them pay import duties. And finally, Chung Hua supports the establishment of branch offices in Hong Kong by major Taiwan trading companies that can help facilitate transshipment and other services between Taiwan and the mainland.

In recent months, pressure has been building on Taiwan for the government to ease restrictions on trade and other contacts with the Communist-occupied China mainland. In general, the government is keeping with a trend of gradual opening. Yet there are concerns about security problems and going in too deep too soon. Many officials believe that direct trade, or even too much indirect trade, may make Taiwan dependent on the mainland market in ways that would give the Chinese Communists unimaginable control over Taiwan's economy.

With that thought still in mind, officials are probably glad to see Chung Hua support the indirect trade policy. In any case, it seems to be working just fine, and there does in fact seem to be little need to run any risks with direct routes.

Commentary on Mainland Chinese Students' Visits
OW110851 Taiwan International Service in English
0200 GMT 7 Apr 88

[Station Commentary: "Welcoming Mainland Chinese Students"]

[Text] The government of the Republic of China on Taiwan will soon review its six-month old policy of permitting Chinese on Taiwan to visit their relatives on the communist-occupied mainland China. As part of a review of the pros and cons of that policy, the government will also consider whether or not to expand the program of visits.

Among the feasibility issues to be studied is an expansion of visitation rights to include government officials and non-security-related personnel in the armed forces, two categories of people which are currently barred from visiting the mainland. A second issue concerns allowing native Taiwanese who have spent the last 40 years or more on the mainland to return home. Finally, the government will consider whether or not to allow mainland Chinese students enrolled in universities abroad to make temporary visits to Taiwan.

There are also reports around that the government is ready to consider permitting cultural, educational, and sports exchanges between the mainland and Taiwan. Perhaps the most sensitive of these issues is the prospect of permitting mainland students to see Taiwan firsthand. Most people on Taiwan agree that such a policy would entail more pros than cons. Letting the mainland students make firsthand observations of Taiwan's progress would be a direct and effective way of influencing their attitudes not only about Taiwan but also about the future course of development for China as a whole. Telling them Taiwan has the answer is one thing; letting them see it for themselves is quite another.

The government understands that truth, but nevertheless treads cautiously on this matter due to security reasons. How can the government regulate which students may

come and go? How many of the mainland students studying abroad are intelligence plants in the first place? And what if many of them choose not to return to the mainland, opting instead to seek asylum on Taiwan? These are but a few of the major security and administrative problems that must be considered before the government opens the door to mainland students.

In the past weeks, however, pressure has come to bear on the government not only from island-side public opinion, but also from mainland students residing in the United States, who have held press conferences to express their desire and intent to visit Taiwan.

A couple of weeks ago three such students held a press meeting in New York, where they received wide attention. They used the media to convey to President Li Teng-hui a request for permission to visit Taiwan. But, government officials in the Republic of China were suspicious of the sincerity of the students, since they made such a public show of their request.

Nevertheless, pressure is building here at home to expand the mainland policy on all fronts by opening the door to wider contacts. The government has pledged to implement the policy step by step to ensure both progress and security. Look for more newsbreaking changes ahead.

Justice Ministry Group To Study Mainland Laws
OW090705 Taipei CNA in English 0240 GMT
9 Apr 88

[Text] Taipei, April 9 (CNA) — The Ministry of Justice of the Republic of China [ROC] has organized a special committee to compile and study the laws and regulations enacted on the Chinese mainland in preparation for possible legal disputes caused by the people in Taiwan visiting the mainland, Justice Minister Shih Chi-yang said Friday.

Contacts between people on both sides of the Taiwan Straits are becoming much closer since the ROC Government in the last part of November allowed people here to visit relatives on the mainland. Mainland legal disputes are thus inevitable, the minister said.

"We must carefully prepare in advance for the eruption of such problems," Shih said.

The minister, however, stressed that because such disputes may involve laws and regulations on both sides of the Taiwan Straits, dealing with such legal disputes can not be considered merely from legal point of view; "they must also be considered from political point of view," Shih said.

To ward off tricks laid by the Chinese communist "one country, two systems proposal," the government, when handling such legal disputes, would insist on safeguarding national security, maintaining social order, and upholding national territory and peoples rights and interests.

New Political Alliance To Work for Unification
OW090737 Taipei CHINA POST in English
4 Apr 88 p 12

[Text] About 500 people are expected to attend the founding ceremony today of a multipartisan alliance seeking to promote educational, cultural and athletic exchanges and direct trade with mainland China.

Liu Kuo-chi, executive secretary of the preparatory committee of the "Alliance for the Reunification of China" told the CHINA POST that his group seeks to promote both democracy and national unification.

He said the alliance will endeavor to reduce hostility across the Taiwan Strait and "foster love and friendship between people on the two sides of the Taiwan Strait" through educational, cultural and athletic exchanges as well as direct trade.

The group will invite scholars and experts to study ways to foster national unification and hold seminars abroad on China's reunification, Liu said.

The alliance's founding ceremony at 9:30 a.m at the Tien Education Center will be presided over by Hu Chiu-yuan, a senior Kuomintang legislator and publisher of CHINA MAGAZINE.

Members of the alliance preparatory committee will deliver reports. They include the scholars Chen Ying-chen, Chang Hsiao-chun, Teng Ko-chin and Lin Shu-yang; a Youth China Party member, Hsieh Hsueh-hsien; and a member of the China Democratic Socialist Party, Hsieh Cheng-yi.

The gathering will elect a chairman, 11 executives, and seven supervisory members from those in attendance.

According to Liu, the alliance opposes any form of national separatism and any force by the superpowers to effect a break-up of the Chinese nation.

In its prepared founding declaration, the alliance calls for the end of national separation and the peaceful reunification of China. The alliance said it is most important to establish a democratic, prosperous, united, advanced and modern China, and called on the public to support its aims.

Nuclear Scientist's Disappearance Evokes Comments

Handling of Case Defended
OW090733 Taipei CHINA POST in English
4 Apr 88 p 12

[Text] Two top ROC [Republic of China] officials recently said the nation should lodge a protest to the United States before the case of missing nuclear scientist Chang Hsien-yi is clarified.

A number of Taiwan-elected Kuomintang lawmakers last Saturday criticized the government for taking low profile in the Chang case, demanding that the government arrest Chang for treason and lodge a protest to the United States for its alleged role in the Chang case.

In response, Defense Minister Cheng Wei-yuan said Chang did not leave Taiwan from Chingchuankang Air Base in central Taiwan, a former U.S. base. He denied that Chang fled with a group of U.S. congressmen, saying U.S. congressmen always leave Taiwan aboard civilian planes.

He further said that Chang did not take any classified information with him, and that there should be no worries about his leaking military secrets.

No Evidence [subhead]

John Chang, the vice foreign minister, indicted that there is no concrete evidence that the United States was involved in the Chang Hsien-yi case. He said he hopes the public will not develop an anti-American sentiment over the Chang case.

He said his ministry has never softened its stand in handling the case and, in fact, has contacted the United States several times over the matter.

He said before authorities have a clear understanding of Chang's relationship with the United States, it would be improper to demand explanations from the United States or to lodge a protest.

Chang 'Paid Well' [subhead]

Meanwhile, Liu Shu-hsi, deputy director of the Chungshan Institute of Science and Technology (CSIST), disclosed that Chang Hsien-yi is now working at a company in Washington D.C. which Liu said pays Chang well.

Liu said after the CSIST discovered Chang was missing, it immediately thought that he had had an accident, but soon discovered that Chang's personal data and his official passport had also disappeared.

Later, Chang's wife, who had already left Taiwan before Chang, wrote to her relatives, saying her husband is now working in a Washington firm.

On March 14, the Defense Ministry then issued a warrant for Chang's arrest. In Huang's Defense [subhead]

Meanwhile, Defense Minister Cheng Wei-yuan confirmed that the acting director of the CSIST, Huang Hsiao-tsung, is a U.S. citizen.

He responded to legislators' call that Huang be fired by saying it is most suitable to have a person with dual nationality to serve as the institute's head.

He said Gen. Hau Pai-tsun, chief of the general staff, is unable to actually head the institute because of other duties. Hau is concurrently director of the CSIST.

Cheng said Huang graduated from Wuhan University in China and worked in a military arsenal.

Shortly after the Communist takeover of the mainland in 1949, Huang went to the United States and obtained master's and doctorate degrees at the Massachusetts Institute of Technology, Cheng said.

Cheng said Huang is experienced and is contributing to introducing American technology to Taiwan.

Editorial on Effects

OW081425 Taipei CHINA POST in English
3 Apr 88 p 2

[Editorial: "Atom for Peace"]

[Text] According to recent news reports from both local and overseas sources, Col. Chang Hsien-yi, former deputy director of the ROC's [Republic of China] Institute of Nuclear Energy Research (INER) of the military-run Chungshan Institute of Science and Technology (CIST), is a U.S. Central Intelligence Agency (CIA) spy. After providing the CIA "secrets" on the ROC's atomic weapons program, he and his family fled to the United States.

Neither the CIA nor any other U.S. Government agency denied this allegation. The CIA's involvement in Chang's treason case appears to be certain. It is a shock to the government and the people of this country.

"Atom for peace" has been an established policy of the ROC ever since the late 1960's. According to a recent news report, a then confidential document was released. The document was prepared in 1967 by Dr Wu Ta-you, an internationally famous scientist and now the president of the Academia Sinica, on assignment by the late President Chiang Kai-shek. Wu's recommendation of the nondevelopment of atomic weapons was accepted by the late president.

The uselessness of atomic weapons to the ROC on Taiwan is obvious. Should we have such devastating weapons, there would be absolutely no place in the world suitable for us to deliver them. Atomic weapons are not only useless to us but also possibly damaging to ourselves

because they could become a strong invitation to military attack from outside. Therefore, a person of average common sense in politics and strategy can readily recognize that the ROC's policy of "atom for peace" and for peace only is logical.

It can be seen that the ROC is sincere about limiting nuclear energy to peaceful uses. Unlike India, it is a signatory country of the Nuclear Non-Proliferation Treaty (NPT), which is designed to curb the horizontal proliferation of the atomic weapons.

The International Atomic Energy Agency (IAEA), with its headquarters in Vienna, is an international organization responsible for worldwide nuclear safeguard inspections. The ROC accepts the IAEA's inspection of all its nuclear reactors. The IAEA experts audit the nuclear fuels meticulously. Any diversion of the fuels for purposes other than that originally intended would be physically impossible.

The nuclear operations in Taiwan are not only open to the IAEA, it is also open to the U.S. Government. Through regular, official channels, the U.S. Government is entitled to dispatch its experts to inspect the INER's facilities as well as their operations. This has been done frequently and the inspections are believed to be very thorough.

Since the doors of the INER are wide open to the U.S. Government and the great country of the United States is held in high regard by us, we feel very sorry for the United States for the ungentlemanlike action taken by the CIA.

Furthermore, it appears that the United States adopts dual standards in its implementation of the non-proliferation policy. The ROC is not allowed to acquire the know-how of spent fuel reprocessing on the ground that the technology could be used in plutonium production. However, Japan is allowed not only to possess this technology but also such industrial capability.

It is our belief that, as the leading country in the world policing non-proliferation worldwide, the United States ought to set a uniform standard consistent with its policy and which is applied universally.

In retrospect of the relations between the INER and the U.S. authorities, a question arises: Why has the United States been particularly harsh to the INER?

The INER does have a military background. It was a branch of the military-run CIST. After the establishment of the "atom for peace" policy, it became subordinate to the ROC Atomic Energy Council (ROC/AEC). Yet, perhaps for historical reasons, the ROC/AEC has entrusted the CIST with the administration of the INER.

We believe the INER should be a 100-research programs should be under the auspices of the ROC/AEC, with consultation with the National Science Council and the Ministry of Economic Affairs. [sentence as published] And the programs should be consistent with the policy of "atom for peace."

Taiwan is short of indigenous energy. The option of using nuclear energy must be kept open. The nuclear energy scientists of the INER are an asset to the nation and should be given opportunities to help achieve the energy independence of the nation through nuclear energy programs.

We hope the damage done to the ROC-U.S. relationship by Chang's case will be minimized. The ROC is peace-loving but needs to be advanced in science and technology. Therefore, the INER's position should be redefined and its role in nuclear energy development for peaceful uses be enhanced.

Commentary on Issue of Rejoining GATT
OW101035 Taipei International Service in English
1435 GMT 8 Apr 88

[Station commentary: "To Get Into GATT or Not"]

[Text] The director general of the Republic of China's [ROC] Board of Foreign Trade, Vincent Siew left for the United States on Monday to hold talks with Washington officials on the feasibility of the ROC's rejoining the General Agreement on Tariffs and Trade, better known by its acronym GATT. Before his departure, Siew sounded a note of pessimism on his chances of gaining support in Washington for the ROC's reentry in this major trade body.

The reasons for Siew's pessimism are many. For starters, GATT currently has a moratorium on acceptance of observer status applications. It will be difficult to ask GATT to make an exception in the ROC's case.

Second, the ROC may run into name designation problems, similar to those encountered in other international organizations, such as the Asian Development Bank. The Republic of China would insist on entering GATT under its official name, but it is likely that Communist China will apply pressure on GATT members to disallow the ROC the right to use its name.

Third, Communist China may try to impose its will on GATT to have the ROC kept out of the trade organization altogether. Peking has not sounded off an opinion on this issue as yet, but officials here are not optimistic that Peking will remain a silent bystander.

And finally, some Western members of GATT are on record as having opposed the ROC's entry on grounds that the ROC does not practice fair trade, in the sense that its markets are not open enough to become a member in good standing in GATT.

In his talks in Washington, Director General Siew will face all of these problems. His job is to assure the Americans that one, Taipei is sincere in its effort to join; two, Taipei has demonstrated its commitment to opening markets and becoming a more responsive and responsible trade partner; and three, that Taipei is not treating its entry into GATT as a political issue. This would leave only the name problem to be solved. Yet in recent months the ROC has shown some flexibility on this issue, leaving Peking with a more rigid or stubborn position on it.

As for potential pressure from Peking, it is important to note that Communist China is not a member of GATT and thus does not have any voting rights in it. Besides the ROC on Taiwan is a more active member of the world economy and therefore enjoys much support among GATT members. Most will feel it is only natural for the world's 11th largest trading nation to be a member.

Last but not least is the price the ROC itself must pay to become a member of GATT. The concern about market openings is definitely well-taken. Officials here realize that getting into GATT may be tough going until the ROC takes still further steps to open its markets.

All of these problems can certainly be overcome, and despite Siew's slightly pessimistic view, it is likely the ROC will rejoin GATT within a year or so. In the meantime, efforts will also be made to rejoin other world organizations such as the IMF and World Bank. The GATT episode will give a hint as to how difficult the ROC's re-engagement in world organizations will be.

Li Urges Mass Media To Stress National Interest
OW110429 Taipei CNA in English 0247 GMT
11 Apr 88

[Text] Taipei, April 11 (CNA)—President Li Teng-hui, in his capacity as acting chairman of the Kuomintang [KMT], stressed recently that the freedom of the press should be fully respected; but that using correct information to lead the society towards establishing a consensus on the top priority of national interest and social well-being is one of the important responsibilities of the mass media.

President Li made his remarks when giving instructions to the cultural affairs department of the Kuomintang and the KMT-operated cultural enterprises. The instructions were carried on the latest issue of the CENTRAL monthly magazine.

The president encouraged staff members of the ruling party's cultural affairs department to promote cultural publicity works with far-sighted ideas and measures.

President Li pointed out that the Republic of China has been heading towards a pluralistic society since the nation lifted the emergency decree last July.

He reiterated the importance of communications between the government and the people, and instructed the KMT agencies in charge of cultural affairs at all levels to serve as a bridge between the government and the people.

Taiwan To Strengthen Cooperation With Fiji
OW120409 Taipei CNA in English 0309 GMT
12 Apr 88

[Text] Taipei, April 12 (CNA) — Premier Yu Kuo-hua Monday assured Sir Kamisese Mara, prime minister of Fiji, that the Republic of China [ROC] would strengthen further its cooperation with Fiji, especially in economic and technological fields.

The ROC premier spoke while entertaining Sir Mara and his entourage at a Taipei guest house dinner party.

Yu also said as both are developing countries, the ROC and Fiji have faced many of the same difficulties during their development process, "but through our increased cooperation in recent years, we have managed to jointly weather many of these difficulties."

"And through frequent exchanges of visits by government officials and citizens of both countries, our cooperative relations in all fields are expected to be strengthened further in the future," Yu told the Fijian prime minister who had arrived in Taipei last Friday for a six-day visit.

Mara responded that Fiji treasures its traditional friendship with the ROC and hopes the ROC can share its successful development experience in order to help the South Pacific nation promote national development.

The two nations have no diplomatic ties, but the ROC maintains a commercial office in Fiji.

The Fijian delegation has met with ranking government officials and visited various agricultural and economic institutions during its stay in the ROC. They will depart Wednesday.

Other ROC Government leaders attending the party included Vice Premier Lien Chan, Foreign Minister Ding Mou-shih, and Finance Minister Robert C. Chien.

New CNA President To Assume Post 12 Apr
OW120421 Taipei CNA in English 0313 GMT
12 Apr 88

[Text] Taipei, April 12 (CNA) — Huang Tien-tsai, newly appointed president of the CENTRAL NEWS AGENCY, will assume his new post Tuesday, replacing Pan Huan-kun, who will retire.

The transfer ceremony will be held at 10 am Tuesday at the CNA meeting room with Raymond Tai, director of the Kuomintang Central Committee's Department of Cultural Affairs as witness.

The CNA Board of Directors approved both Pan's retirement and Huang's appointment as president at its fourth meeting Monday afternoon. Huang was nominated by Tsao Sheng-fen, chairman of the CNA Board of Directors.

Pan has worked in journalism for 47 years, and was appointed CNA president on May 14, 1981.

Huang, an excellent journalist, was Tokyo correspondent for the mass-circulation CENTRAL DAILY NEWS for many years, and has since served as vice president and president of the paper.

Warning on Air Force Firing Practice 11-26 Apr
OW081736 Taipei CNA in English 1530 GMT
8 Apr 88

[Text] Taipei, April 8 (CNA)—Air Force headquarters of the Republic of China announced Friday that an Air Force unit in southern Taiwan will conduct firing practices between 8 a.m. and 5 p.m. everyday from April 11 to 26.

Domestic and foreign aircraft and vessels are warned to avoid the area between 112.36 degrees east, 22.20 degrees north; 122.25 east, 22.19 north; and 122.38 east, 22.10 north.

Hong Kong

Probe of Israeli Arms Visit to PRC Launched *HK100832 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 10 Apr 88 p 1*

[Text] The Hong Kong Government is believed to have launched an inquiry into the use of false passports by a team of Israeli military scientists who used the territory as a base while negotiating a secret arms deal with China.

The revelations that the five Israelis operated out of Hong Kong and were briefed at a meeting in Wan Chai by one of their country's consular officials were made last week in the SUNDAY MORNING POST.

Local Government officials have remained tight-lipped about the affair.

But a British Foreign Office official said yesterday: "I understand an inquiry is under way. It has been instigated by the Hong Kong authorities, not here in Britain."

The spokesman added: "It is a matter of pure speculation as to whether the British Government will get involved."

The Foreign Office Minister with responsibility for Hong Kong, Lord Glenarthur, was "unavailable for comment".

A SUNDAY MORNING POST investigation uncovered evidence that the Israeli Consul General in Hong Kong, Mr Reuven Merhav, attempted to intervene when police arrested the man who allegedly provided the false travel documents.

Israel, which does not have diplomatic relations with Beijing, has been negotiating to upgrade China's missile technology.

The delegation of military scientists flew to China from Hong Kong on false Philippines passports to clinch a deal with the leaders of the Chinese arms industry believed to involve new missile warheads and armour-piercing devices developed by Israel.

The affair came to light when the alleged middleman in the operation, an Israeli arms dealer, was arrested in Hong Kong and false passports were seized from his home and office.

Both China and Israel last week specifically denied that they had entered into any arms deal but did not deny the scientists' visit or the passport allegations.

Xu Jiatao To Remain XINHUA Head *HK081538 Beijing ZHONGGUO XINWEN SHE in Chinese 1457 GMT 8 Apr 88*

[Text] Beijing, 8 Apr (ZHONGGUO XINWEN SHE)—Xu Jiatao, director of the Hong Kong Branch of XINHUA NEWS AGENCY was elected a member of the Seventh NPC Standing Committee today. It is reported that this will not affect his present post.

In reply to a question raised by a Hong Kong reporter in a lounge at the Great Hall of the People, a responsible official of the State Council's Hong Kong and Macao Affairs Office said that the XINHUA NEWS AGENCY was an institution and was thus different from the ministries and commissions under the State Council. He also said that after being elected a member of the NPC Standing Committee, Xu Jiatao's status as director of the Hong Kong branch of XINHUA NEWS AGENCY would not be affected.

Ministry To Scrutinize Local PRC Officials *HK120813 Hong Kong HONGKONG STANDARD in English 12 Apr 88 p 3*

[From Yau Shing-mu of the China Desk in Beijing]

[Text] China's state-appointed officials in Hong Kong will be subject to scrutiny by Beijing's new antigraft body, the Ministry of Supervision.

And the ministry is likely to have "exchanges" with its Hong Kong counterpart, the Independent Commission Against Corruption (ICAC).

Mr Feng Tiyun, who has just been appointed Vice-Minister of Supervision, made these points in an exclusive interview with the STANDARD yesterday.

Mr Feng, 60—the first non-member of the Communist Party to be appointed to a ministerial-rank portfolio in three decades—said the ministry would investigate all cases of malpractice and corruption, including those committed in the British-administered territory.

But its Hong Kong cases would be confined to Chinese officials appointed by the state government. Locally appointed employees, of whom a large number have been hired in recent years, would not be affected.

If the wrongdoings were related specifically to agencies or enterprises registered in Hong Kong as legal entities, "it will be a matter for the Hong Kong Government to deal with them in accordance with the local law," Mr Feng said.

He would not give details of the bodies or people that would be under the ministry's eye.

But it is understood that senior officials of the local XINHUA NEWS AGENCY branch, the Bank of China, China Resources (Holdings), China Merchants Steam Navigation Co, Everbright and CITIC [China International Trust and Investment Corporation] are all included because many are sent by the state to work here.

Mr Feng said the scope of responsibility for the ministry—which was set up last November under the State Council—was similar to that of the ICAC, and he expected exchanges between the two bodies in future.

He said the ministry would concentrate mainly on increasingly prevalent economic crimes, doing the investigative and preventive work.

Any prosecutions would be referred to China's procuratorate.

A Hong Kong deputy to the Chinese People's Political Consultative Conference, Mr Tsui Tse-man, recently urged the Supervisory Ministry to take more drastic action to crack down on corruption and misuse of state funds by Chinese officials in Hong Kong.

"My position has substantial power and responsibility," Mr Feng said.

"That reflects the great importance the Communist Party attaches to other political parties in cooperation and supervision on the government work."

Mr Feng, a native of Zhejiang, served as vice-chairman of the Zhejiang People's Political Consultative Conference before becoming a deputy secretary-general of the national committee of the CPPCC in 1983.

He graduated in law from Dongwu University in Shanghai.

Before being made a vice-minister, Mr Feng was vice chairman of the China Democratic Construction Association.

Lack of Pact With PRC Hinders Action on Crime
HK120749 Hong Kong HONGKONG STANDARD
in English 12 Apr 88 p 6

[By Yau Shing-mu in Beijing]

[Text] The absence of an agreement on judicial assistance and extradition between China and Hong Kong hinders police from both sides in cracking down on economic crimes, according to Interpol's China bureau.

A Beijing spokesman for the bureau, Mr Yuan Yongyuan, said yesterday economic crimes, especially fraud and deceit, had surged considerably since 1985 as China opened its economy.

"This kind of crime amounts to one-third of our exchanges of information with Hong Kong," he said.

"The typical case usually involves the Hong Kong side which, by contract, demands partial or entire payment for an order of goods.

"When the mainland partner asks for delivery of goods after their payment, the Hong Kong partner has run away or hidden."

He said the Hong Kong and Chinese police had handled a large amount of such cases and exchanged information in this regard.

And Mr Yuan said the Commissioner of Police in Hong Kong, Mr Raymon Anning, would visit Beijing next month on a visit he expected would enhance closer cooperation between the two places.

However, both sides found it difficult to hold the culprits responsible because Hong Kong and China were under two different judicial systems and there was no agreement on judicial assistance or extradition.

"Even if the Hong Kong police have identified and found the offenders, they can hardly take action as long as the offences are not committed in Hong Kong," Mr Yuan said.

He added, however, that even with an agreement, both sides would have to share a good and determined will in cracking down on such activities.

Mr Yuan said the will existed on both sides.

"Though there are difficulties, we are studying methods and ways to facilitate mutual cooperation in this regard," he said.

"One option is to sign agreement on extradition with other countries. But this is just a tentative consideration far from mature.

"At present, the way we cooperate with Hong Kong depends on the merits of each case."

Mr Yuan said Hong Kong is the region with which China kept in closest contact since China started participating in the Interpol in 1984.

China also kept in close touch with France, the United States, Japan and Italy, he said.

Mr Yuan took pride of a recent crackdown on attempt to smuggle drugs inside goldfish.

In the first joint operation involving Chinese, Hong Kong and U.S. drug agents last month, the Hong Kong Narcotics Bureau detectives arrested a Hong Kong couple suspected of trafficking in about 3.5 kg of No. 4 heroin at Shanghai Airport;

Chinese customs officers discovered the dangerous drugs wrapped in condoms and packed inside bodies of dead goldfish, concealed inside a consignment of live fish destined for San Francisco.

The pair were arrested after Chinese officials passed information to Hong Kong through Interpol.

Moreover, police officers of either side occasionally crossed the border to gather evidence.

"In fact, drug trafficking is rare among the cases demanding exchanges," Mr Yuan said.

"The bulk of them are to identify a person or documents. It shares about one-half of our work."

He said the China Bureau had not handled any case involving triad societies or the smuggling of arms.

Labor Shortage 'No Longer A Serious Problem'
*HK110857 Hong Kong SOUTH CHINA MORNING
POST in English 11 Apr 88 p 3*

[Text] Hong Kong's labour shortage is no longer a serious problem, the vice-chairman of the Hong Kong Federation of Trade Unions, Mr Tam Yiu-chung, said yesterday.

Mr Tam, who is also a Legislative Councillor, said many local manufacturers had either moved their factories or set up branches in China to benefit from cheap labour there.

But this might affect the job opportunities for locals.

Mr Tam was also worried unscrupulous employers would make use of the chance to close down their factories, leaving workers unpaid.

He suggested that the Government extend the scope of the Protection of Wages on Insolvency Fund to cover unpaid wages.

Last month, a Kwun Tong factory closed abruptly when the owner moved machines and moulds to another plant in Guangdong Province.

Workers at the factory have been unable to recover compensation, which amounted to more than \$300,000.

Earlier, a Government official said labour shortage was still a problem but one which should be solved with local resources and not imported workers.

Speaking after the opening of a seminar on the labour movement yesterday, the Deputy Commissioner for Labour, Mr Harold Kwok Wai-hong, said imported labour would harm Hong Kong in the long run.

Importing workers would depress local wages and affect the stability of the territory, Mr Kwok said.

He hoped improved labour training and efficiency would eventually ease the shortage.

There were also increasing employment opportunities for women, he said, because some manufacturers were using a shift system to allow women to work flexible hours.

The Labour Department is studying a report on the labour shortage compiled recently by the Census and Statistics Department and will propose solutions to the problem.

Leftist Trade Unions Moving To Increase Power
*HK090215 Hong Kong SOUTH CHINA MORNING
POST in English 9 Apr 88 p 2*

[By Terry Lee]

[Text] The left-wing Federation of Trade Unions is being reorganised to increase the number of member unions.

The move will further strengthen the union's stronghold in the labour and political fronts in Hong Kong, and provide it with an increased power base for future elections.

Latest figures show that 81 unions in Hong Kong claim affiliation with the pro-China organisation, compared with 72 in 1986.

Few of the new unions are genuinely new formations and have been hived off from broader-based affiliations to represent more specific trades.

The federation is concerned that it should maintain its predominance among unions in the transition period to 1997.

"More members means more votes for left-wingers in future elections—for instance to the influential Labour Advisory Board and the Legislative Council," one observer said.

He said the reorganisation might have been prompted by the voting pattern at the last Labour Advisory Board (LAB) election in late 1986.

Four of the six employee representatives on the LAB are elected by Hong Kong's 400-plus unions on a one-union-one-vote basis.

In the 1986 elections most right-wing, independent and civil service unions collaborated in support of particular candidates, leaving a lone federation chairman, Mr Cheng Yiu-tong, to manoeuvre with close affiliates.

Observers said Mr Cheng's narrow victory taught the federation an important lesson that they needed more votes to secure greater representation on the LAB.

The same tactic would also help the federation gain greater representation in the Legislative Council [Legco] through the functional constituency elections, which also use the one-union-one-vote method.

At present, the two labour seats in Legco are shared between the pro-Beijing Federation of Trade Unions and the pro-Taiwan Trades Union Council.

In the establishment of the new unions, preference was given to canvassing recruits from specific trades to avoid them all being absorbed into big unions with blurred trade boundaries.

An example was the Lift Workers' Union being formed last year when the Union of Chinese Workers in Western Style Employment recruited enough workers from the lift manufacturing and maintenance industry.

The Fur Tailoring Workers Union has formed after the disastrous Cipel Marco fur factory explosion in October 1986, which killed 14 workers and injured another 10.

Many workers joined the Wearing Apparel Industry Employees General Union, which helped workers claim compensation and arranged quick trips for relatives of workers on the mainland to come to Hong Kong.

On the other hand, some new unions were aimed at civil servants to gain a foothold in the government sector.

Meanwhile, the federation will celebrate its 40th anniversary tomorrow.

An all-day seminar on Hong Kong's union movement will be held and more than a dozen Legislative Councillors, union leaders, academics and labour officials will talk on the development of unionism in Hong Kong and its future.

Guest speakers will include Legislative Councillors Mr Tam Yiu-chung and Mr Szeto Wah; Deputy Commissioner for Labour Mr Herald Kwok Wai-hong; Meeting Point chairman Mr Yeung Sum; and veteran unionists Mr Lee Kai-ming and Mr Kwok Yuen-hon.

Philippine Rebels Said Using Local Banks
HK090213 Hong Kong SOUTH CHINA MORNING POST in English 9 Apr 88 p 3

[By foreign editor Karl Wilson and Gwen Robinson in Manila]

[Text] The banned Communist Party of the Philippines (CPP) and its military wing, the New People's Army (NPA), are using Hong Kong to launder money to finance the insurgency war in the Philippines.

Military and Government officials in Manila said yesterday that evidence "clearly shows" the communists are using accounts in Hong Kong to "finance their activities in the Philippines".

One military official said he would not be surprised if arms purchases were also funded from the territory.

Philippine Government lawyers are already seeking "freeze orders" on known CPP accounts held by the Bank of Tokyo Limited (Hong Kong branch) and BPI International Finance Limited (Hong Kong).

A spokesman for the Bank of Tokyo refused to comment on the order while the managing director of BPI, Mr Abelardo Cordez, said: "We have not received any such request. But even if we did, we are bound by the rules of secrecy that apply to accounts held in Hong Kong."

Indeed, the Philippine Government may find it difficult to have the accounts frozen.

The general position is that banks in Hong Kong have a duty to protect the confidentiality of their depositors and it is not illegal to be a communist and have an account in Hong Kong. Manila would have to present a good case to the Hong Kong authorities to have accounts frozen and even then, it is doubtful whether permission would be granted.

The accounts were found among dozens of documents seized in raids on communist hideouts in Manila last month. The raids virtually left the CPP and NPA leaderless.

Among those arrested were the NPA commander in chief, Romulo Kintanar, NPA chief of staff, Napoleon Manuel, and the secretary-general of the CPP.

According to military officials in Manila, the CPP and NPA operate six American dollar accounts in Manila and Tokyo.

The Tokyo accounts are said to be held in the Bank of Tokyo and the Dai-Ichi Kangyo Bank in the capital.

The officials said yesterday that most of the accounts were held in the names of J. Reyes and B. Pacheco.

They said that although the accounts showed a total of U.S.\$202,671 (about HK\$1.58 million) between them, a study of the foreign transactions has shown U.S.\$800,000 (about HK\$6.24 million) was moved through the accounts between January and April last year. They would not say how much money had been moved during the rest of the year.

The chief of the Philippine Constabulary, General Ramon Montano, had earlier tried to enlist the help of the Presidential Commission on Good Government to obtain a freeze order on the foreign accounts.

But the commission said it did not have the power to do so because its authority only covered assets held by deposed former Philippine President Ferdinand Marcos.

Even then, the commission has found it difficult to trace money allegedly stockpiled by the Marcos family in Hong Kong.

A spokesman for the constabulary said yesterday that a request had been made to freeze the CPP assets held in foreign banks. But both the Bank of Tokyo and BPI in Hong Kong denied having received such a request.

The CPP is outlawed in the Philippines and the military estimate it receives between U.S.\$10 million and U.S.\$15 million (between HK\$78 million and HK\$117 million) a year from foreign sources.

Government officials say the bank accounts would help trace who the foreigners were financing the communist war in the Philippines and from which countries the money was coming from.

A government official said such information would be invaluable in "our war with the communists".

"If we could starve the communists of their overseas funds, it would be an added bonus."

Garrison Negotiators Return for Instructions
HK110851 Hong Kong SOUTH CHINA MORNING
POST in English 11 Apr 88 p 3

[Text] The Hong Kong team, who went to Britain last week to work out details on the defence cost agreement, returned last night for further instructions from the Financial Secretary, Mr Piers Jacobs.

Led by Deputy Secretary for Security, Mr Robert Upton, the team adjourned their meeting last Friday after three days of talks with their British counterparts in London.

Although the Governor, Sir David Wilson, has announced that a new agreement had been reached in his recent London trip, Mr Jacobs said there were still details to be worked out.

He said there had been further progress in last week's discussions, some aspects of which he wished to study personally.

Britain has confirmed that under a new system linked to a gradual withdrawal of the British forces in the run-up to 1997, Hong Kong would initially pay about \$85 million less.

Hong Kong's share would be reduced by 5 per cent.

U.S. Official's Remarks on Investment Reported
HK110823 Hong Kong SOUTH CHINA MORNING
POST in English 11 Apr 88 p 3

[Text] Continued high American investment in Hong Kong indicated its confidence in the territory, says the U.S. Assistant Secretary of State for East Asian and Pacific Affairs, Mr Gaston Sigur.

But he would not comment yesterday on whether American investment in the territory would be withdrawn if U.S. companies took a dislike to what the Chinese Government imposed in Hong Kong.

Neither would he be drawn on whether Hong Kong people should fear a weakening of their democratic rights after 1997.

Mr Sigur pointed out that an agreement had been reached between the British and Chinese governments on a system to be carried out after 1997.

"If followed through, one would think Hong Kong will sustain its system and maintain itself," he added.

The U.S. he said, had "hope and confidence" that the agreement would work.

On the refugee question, he said the U.S. had received 63,000 refugees in the past 10 years and "we are still taking some and will continue to do what we can".

Mr Sigur said he had discussed the economic prosperity of Hong Kong and the refugee problem in discussions with the Governor of Hong Kong, Sir David Wilson, on Friday.

There were no discussions about U.S. requests for appreciation of the Hong Kong dollar.

He parried other questions regarding the Hong Kong dollar, stating that it was up to the U.S. Treasury to comment on the matter.

Businessmen Stress Increase in World Trade Role
*OW091059 Beijing XINHUA in English 1137 GMT
7 Apr 88*

[Text] Hong Kong, April 7 (XINHUA)—Hong Kong and U.S. business people and officials agreed today that Hong Kong could play a greater role in world trade in the future.

This was shown at a special trans-Pacific video-conference which brought together officials and business experts from Hong Kong and San Francisco of the United States to discuss trade and other problems under the arrangement of the major telecommunication companies of the two places.

"Hong Kong's economy is most vital to the world economic development," said Hamish MacLeod, secretary for trade and industry of Hong Kong.

He and other two representatives on the Hong Kong side shared the view that Hong Kong's economy will further boost after 1997 provided that the social and economic status of Hong Kong is retained as stimulated by the Sino-British joint declaration.

Jack So, executive director of the Hong Kong Trade Development Council, said that Hong Kong is now the biggest consumer of U.S. goods. It is also the world no. 1 market of American oregano and ginseng and other food products.

Asked about Hong Kong's increasing role with the Chinese mainland, he said that in recent years Hong Kong has shown its increasing influence on China's export performance in particular.

"The current Hong Kong-mainland trade volume is more than 30 times greater than in 1977," he added, and Hong Kong also became a major investor in China.

Derek Davies, editor of the "FAR EAST ECONOMIC REVIEW", said China's national determination to catch up with the advanced countries also enhanced its relationship with Hong Kong, which is regarded as a spring board for China to reach the outside world.

On the linked exchange rate which pegs the Hong Kong dollar with the U.S. dollar at a rate of 7.80 to one, MacLeod said that the pressure on the government for revaluating the HK dollar was much exaggerated. "Hong Kong does not have persistent trade surpluses," he said.

Davies said that either to let the HK dollar to flow or re-peg the exchange rate will introduce new uncertainty.

During the 45-minute conference, they also exchanged views with American business people on the development of high technology in Hong Kong and the co-operation between Hong Kong and U.S. in computer business.

Import Costs Rise Higher Than Exports in January
*HK110853 Hong Kong SOUTH CHINA MORNING
POST (BUSINESS POST) in English 11 Apr 88 p 1*

[Text] Hong Kong export prices rose by four percent in January 1988 compared to January 1987, according to figures released by the Census and Statistics Department.

Prices of imports, on the other hand, rose by five percent.

As a result the terms of trade index—expressed as a ratio of the total export price index to the import price index—fell by one percent.

The figures also show that the volume of domestic exports and re-exports grew by 13 percent and 47 percent respectively in January 1988 as compared with the same month in 1987, taking the increase in volume of total exports to 29 percent.

Imports increased by 34 percent in volume terms for the same period.

Extending the period of comparison to the 12 months ending January with the 12 months ending last January, the prices of domestic exports and re-exports increased by three percent and two percent respectively, while those of imports increased by four percent.

The volume of domestic exports increased by 22 percent while that of re-exports increased by 47 percent, giving an increase of 32 percent in the volume of total exports. The volume of imports increased by 33 percent.

A break-down of the trade figures show the volume of domestic exports in most commodity groups increased in January 1988 compared with January 1987.

However, decreases in domestic export volume were recorded in radios of all kinds (down 30 percent), travel goods and handbags (down 15 percent) and footwear (down one percent)

As for imports, the category receiving the highest growth in volume term was fuels, up a significant 84 percent.

The import volume of consumer goods increased by 47 percent.

Other items increasing in volume were capital goods (29 percent), raw materials and semi-manufactures (28 percent) and foodstuffs (10 percent).

Dragonair To Start Kagoshima Route
*OW11245 Beijing XINHUA in English 1546 GMT
11 Apr 88*

[Text] Hong Kong, April 11 (XINHUA)—Dragonair, the second largest air service in Hong Kong, will start operating twice-weekly passenger and cargo services between Kagoshima in south Japan and Hong Kong on May 2 this year.

James Foster, general manager of Dragonair, said at a press conference today that the new operation is subject only to final approval from the Japanese Government which is just a matter of timing.

The company has been operating charter flights between Hong Kong and Kumamoto, also southern Japan, since January of this year.

The company currently serves seven Chinese cities (Guangzhou, Guilin, Haikou, Hangzhou, Kunming, Nanjing, and Xiamen) and will expand the number to nine by June this year with new routes to Tianjin and Dalian.

But its application to fly to Beijing and Shanghai has not been approved so far because of the "one airline one route" policy adopted by the Hong Kong Government.

The Hong Kong-Beijing and Hong Kong-Shanghai routes are now served by the cathay pacific, the leading airlines in Hong Kong, as well as the Civil Aviation Administration of China (CAAC).

Hong Kong, Macao NPC Deputies To Hold Meetings
*HK120801 Hong Kong HONGKONG STANDARD
in English 12 Apr 88 p 2*

[By Yau Shing-mu in Beijing]

[Text] The Hong Kong and Macao deputies to the People's National Congress will organize regular meetings and functions in the territory after the current session ends.

The decision to hold regular talks was passed by the delegation at a group discussion yesterday. THE STANDARD learned.

It is the first statement given by the NPC Hong Kong and Macao delegation on their future role and activities in Hong Kong since its formation in January.

At the group discussion, 19 deputies reached a consensus that it was necessary for them to meet and hold regular gatherings in Hong Kong.

The decision was so preliminary that the nature and function of the meetings has still to be spelled out by the deputies.

But for the sake of the future gatherings, the delegation yesterday elected four members as convenors responsible for chairing future meetings.

Two newly-elected NPC standing committee members, Mr Xu Jiatun, director of the XINHUA NEWS AGENCY Hong Kong branch, and Mr Henry Fok Ying-tung, chairman of the Chinese General Chamber of Commerce, were chosen to be convenors.

Another business tycoon from the general chamber, Mr Tong Ping-tat, and publisher of the pro-Beijing, TA KUNG PAO, Mr Fei Yi-ming, were also named convenors.

However, the decision to hold regular meetings was not unanimously supported.

Hong Kong lawyer Miss Liu Yiu-chu said after the meeting she opposed the proposal for regular meetings.

"I doubt whether it's appropriate for the NPC deputies to hold such meetings in Hong Kong during this politically sensitive period," she said.

"I don't think we should publicly organize activities in the capacity of NPC deputies," she added.

Miss Liu suggested their activities in Hong Kong should be confined to social gatherings only which are to enhance personal relationships among the deputies.

Macao

Permission Granted for First PRC Laborers
*HK090227 Hong Kong SOUTH CHINA MORNING
POST (BUSINESS POST) in English 9 Apr 88 p 1*

[By Cheung Lai-kuen]

[Text] Permits are to be granted to allow about 600 Chinese labourers to come across the border to work in Macao's factories, it was revealed yesterday.

The group will be the first batch of Chinese workers to be granted work permits since the Labour Import Bill was gazetted in February.

Chan Wing-kee, the managing director of Yangtze-kiang Garment Manufacturing, said he had been informed by the Macao Government that the company's application for workers from the mainland had been accepted.

About 60 Macao factories applied for permission to import workers from the mainland to alleviate the labour shortage problem. Most are garment factories.

Mr Chan, who has been appointed as adviser to the Government on the textile industry, estimated the total workforce involved in the applications was more than 1,000. The portion approved was 45 percent.

He said the manufacturers employed the Chinese workers through Chinese export agencies which were established in Macao after the Import of Labour Bill was announced.

The agencies are to take responsibility for the workers' accommodation and send them back to the mainland when the contract was over.

Salaries would be paid to the agencies, Mr Chan said.

Macao allowed manufacturers to import labour from the mainland several years ago, and all the workers were sent back to China, although a few tried to stay illegally, said Mr Chan.

But this time the Chinese agencies would take responsibility for the workers, so employers would not be burdened with ensuring staff did not try to stay on illegally.

He said the factories' applications were all checked by the Macao Government.

Precise details about conditions, such as the basic salary, social and medical welfare, contract implementation and so on, would be gazetted in Macao next week.

But some manufacturers said the basic salary of the Chinese workers would be not less than 50 patacas (about HK\$50) a day.

Mr Chan said Hong Kong industries, especially the garments industry, also faced a very serious labour shortage.

Although the Hong Kong Government was firmly against importing labour, Macao's move would be a good example to the territory, he said.

Garment manufacturers could shift production to the mainland, because of quota problems, Mr Chan explained.

The textile committee of the Federation of Hong Kong Industries has held discussions with the Government but has found no solutions.

Mr Chan, vice-chairman of the textile committee, said the industry would consider re-opening talks with the Hong Kong Government and would study Macao's case.

He noted that Singapore had successfully imported labour from Malaysia.

Draft Handbook To Define Rights of Journalists
HK120803 Hong Kong SOUTH CHINA MORNING POST in English 12 Apr 88 p 3

[By Viola Lee]

[Text] A draft journalists' handbook prepared by the Macao Government stipulates that journalists can refuse to disclose confidential sources of information without fear of being punished.

It also contains a revolutionary provision which states that journalists can unilaterally terminate their services with a news organisation that suddenly changes its editorial policy. They must then be compensated with a month's salary for each year of service.

The 24-article bill is being studied by Macao journalists and will then be submitted to the Legislative Assembly for approval.

The basic rights of journalists include freedom in creativity and in expressing and publishing, the right to protect sources of information, freedom to contact government sources, assurance of independence, voicing objections based on conscience and joining activities organised by mass media agencies.

Journalists can also refuse to execute what they regard as against their conscience or beliefs, especially when asked to write advertisements or publicity material.

The bill has also stipulated that freedom of expression by journalists should not be curbed in any form by official censorship or the need for permission.

The Government cannot confine journalists or stop them in any form from approaching officials.

Nor can the Government confiscate recorders, cameras or video cameras, or negatives, tapes, or any source of information from journalists unless under court order.

Heads of mass media organisations are barred from revealing sources of information they obtain from journalists without the consent of the reporters concerned.

Within an organization, journalists have the right to know and take part in its activities, especially in its editorial policies and in the process of introducing new technology.

International Consortium To Build Harbor
HK110600 Hong Kong AFP in English 0538 GMT 11 Apr 88

[Text] Macao, April 11 (AFP)—The Macao Government Monday granted an international consortium concessionary rights to build, operate and manage a planned deep-water harbour in this Portuguese-run enclave, officials said.

The Macaoport Consortium, dominated by Portuguese interests, will launch the first phase of the project next month with construction expected to take 24 months at a cost of 150 million patacas (18.75 million dollars).

The Ka-Ho harbour on the northeast side of Coloane Island will have two terminals for freighters and oil tankers, as well as a 12-hectare (30-acre) warehouse area. A second stage would involve dredging work for big ships.

The project, which will finally cost some 300 million patacas (37.5 million dollars), is a key part of the government's program to ensure Macao a measure of self-reliance after its transfer to Chinese rule in December 1999.

A three billion pataca (375 million dollar) airport is also planned.

The harbour project was necessary because of the territory's booming trade which is expected to push Macao's interior harbour to capacity in about two years, and to increase the safety of oil storage facilities, officials said.

Macaoport was incorporated in December with a share capital of five million patacas (625,000 dollars) which has now been raised to 40 million patacas (five million dollars), they said.

The Sociedade Portuguesa de Navios Tanque (Soponata) holds a 41 per cent stake in the consortium, with the remainder split among the Macao Government, Chinese companies and oil multinationals.

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